

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Susana Martinez**

Governor

**John H. Bemis**  
Cabinet Secretary

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Jami Bailey**  
Division Director  
**Oil Conservation Division**



May 4, 2012

Administrative Order PLC-316-A

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, NM 88210

Attention: Miriam Morales:

Yates Petroleum Corporation ("Yates") is hereby authorized to surface commingle oil production from the following Pools:

East Pierce Crossing-Bone Spring Pool (96473)  
Nash Draw-Delaware Bone Spring (Avalon Sand) Pool (47545)

and from the following diversely owned wells located on State leases in Eddy County, New Mexico:

Ohkay BHH State Well No. 1 (API 30-015-34551) Lot 4, Sec 6, T25S, R30E, NMPM  
40 acre dedication: East Pierce Crossing-Bone Spring Pool  
40 acre dedication: Nash Draw-Delaware Bone Spring (Avalon Sand) Pool (DHC-3697)

Wyatt BHT State Well No. 1 (API 30-015-34553) Unit B, Sec 6, T25S, R30E, NMPM  
40 acre dedication: East Pierce Crossing-Bone Spring Pool  
40 acre dedication: Nash Draw-Delaware Bone Spring (Avalon Sand) Pool (DHC-3972)

Canyon BJK State Well No. 1Y API 30-015-36605) Lot 1, Sec. 1 T25S, R29E, NMPM  
40 acre dedication: East Pierce Crossing-Bone Springs Pool  
40 acre dedication: Nash Draw-Delaware Bone Springs (Avalon Sand) Pool (Not yet DHC'd)

Canyon BJK State Com Well No. 2H (API No. 30-015-39735) Sect. 6, T-25-S, R-30-E, and Sect. 1, T-25-S, R-29-E, NMPM, (Not yet Drilled), 200 acre dedication, Nash Draw; Delaware Bone Spring (Avalon Sand). Yates Petroleum Corporation requested amendment of administrative Order No. PLC-316 to add this horizontal well to the commingling operations. This request is hereby approved resulting in the amended Order No. PLC-316-A.

Each of these diversely owned wells shall be equipped with continuous metering separators for oil production prior to oil being commingled for sales.

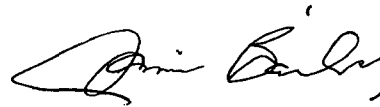
The oil sales point for this commingled production shall be located at the battery near the Ohkay BHH State Well No. 1 in Lot 4 of Section 6, Township 25 South, Range 30 East. Oil from the Wyatt BHT State Well No. 1, the Canyon BJK State Well No. 1Y, and the Canyon BJK State Com Well No. 2H are approved for off lease measurement and sales after being metered on-lease.

Gas commingling from these wells is approved under Division administrative Order No PLC-309.

It is the responsibility of the producer to notify the transporter of this commingling authority.

The operator shall notify the Artesia district office of the Division upon commencement of commingling operations.

This Order supersedes Order No. PLC-316

A handwritten signature in black ink, appearing to read "Jami Bailey", is positioned above the printed name and title.

JAMI BAILEY  
Division Director

JB/re

cc: Oil Conservation Division – Artesia  
State Land Office (SLO) Oil, Gas, and Minerals Division