

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 Addition to CTB-590

RECEIVED  
 2008 SEP 23 PM 2 52

[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~~ 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 Mayte Reyes Production Clerk 9-16-08  
Print or Type Name Signature Title Date  
mayte@ypc-nm.com  
e-mail Address

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 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103  
Revised March 25, 1999

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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.)		WELL API NO. 30-015-36605
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Yates Petroleum Corporation		6. State Oil & Gas Lease No. VA-2974
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210		7. Lease Name or Unit Agreement Name: Canyon BJK State
4. Well Location Unit Letter <u>A</u> <u>NWNW</u> <u>:</u> <u>330'</u> feet from the <u>FNL</u> line and <u>360'</u> feet from the <u>FEL</u> line Section <u>1</u> Township <u>25S</u> Range <u>29E</u> NMPM County <u>Eddy</u>		8. Well No. 1Y
10. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. Pool name or Wildcat East Pierce Crossing/Bone Spring,

## 11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

## NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
 PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐  
 OTHER: Addition to Lease Commingle of Oil ☒

## SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
 COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐  
 CASING TEST AND CEMENT JOB ☐  
 OTHER: ☐

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 for the addition of the Canyon BJK State #1Y to Lease Commingle of Oil CTB-590 approved on June 9<sup>th</sup> 2008.

## State

Ohkay BHH State #1  
Sec 6-T25S-R30E  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware  
API# 30-015-34551  
Eddy County, NM  
Lease# VO-6711

## State

Wyatt BHT State #1  
Sec 6-T25S-R30E  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware  
API# 30-015-34553  
Eddy County, NM  
Lease# VO-6699

## State

Canyon BJK State #1Y  
Sec 1-T25S-R29E  
Pierce Crossing/Bone Spring  
Nash Draw/Delaware - Possible DHC not yet applied for  
API# 30-015-36605  
Eddy County, NM  
Lease # VA-2974

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

Diversified ownership by percentages. All in house subsidiaries. Attached Waivers

Each of these 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 #1 in Lot #4 of Sec 6, Township 25South, Range 30 East.

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 Canyon BJK State #1 is 1 - 20 barrels of oil per day.

The purpose of the 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 build 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 September 17, 2008

Type or print name Mayte Reyes

Telephone No. (575) 748-4213

(This space for State use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of approval, if any:

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: YATE PETROLEUM CORPORATION

OPERATOR ADDRESS: 105 SOUTH 4TH STREET

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. CTB-590

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: 9-16-08

TYPE OR PRINT NAME MAYTE REYES

TELEPHONE NO. (575) 78-4213

DISTRICT I  
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II  
811 South First, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

FORM U-102  
Revised March 17, 1999  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 94403	Pool Name Wildcat; Bone Spring
Property Code	Property Name CANYON "BJK" STATE	Well Number 1Y
OGSD No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3140

Surface Location

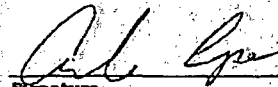
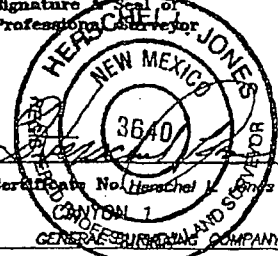
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 1	1	25S	29E		330	NORTH	360	EAST	EDDY

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

Dedicated Acres 39.99	Joint or Infill	Consolidation Code	Order No.
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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

Lot 4	Lot 3	Lot 2	Lot 1 330' 360' N.32°09'56.4" W.103°55'49.9" N.424242.1 E.685979.0 (NAD-83)	<b>OPERATOR CERTIFICATION</b> I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.  Signature Armando Lopez Printed Name Chief Regulatory Agent Title 9-11-08 Date
				<b>SURVEYOR CERTIFICATION</b> 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. 8/02/2006 Date Surveyed Signature of Professional Surveyor  Certificate No. Herschel L. Jones RLS 3640 CANYON 1 GENERAL SURVEYING COMPANY

0 330' 660' 990' 1850' 1980' 2310' 2310' 1980' 1850' 990' 660' 330' 0'



105 South 4th Street \* Artesia, NM 88210

(505)-748-1471

-Joe Chavez

August 2008

Canyon BJK St #1Y

## OHKAY BHH ST #1 Battery

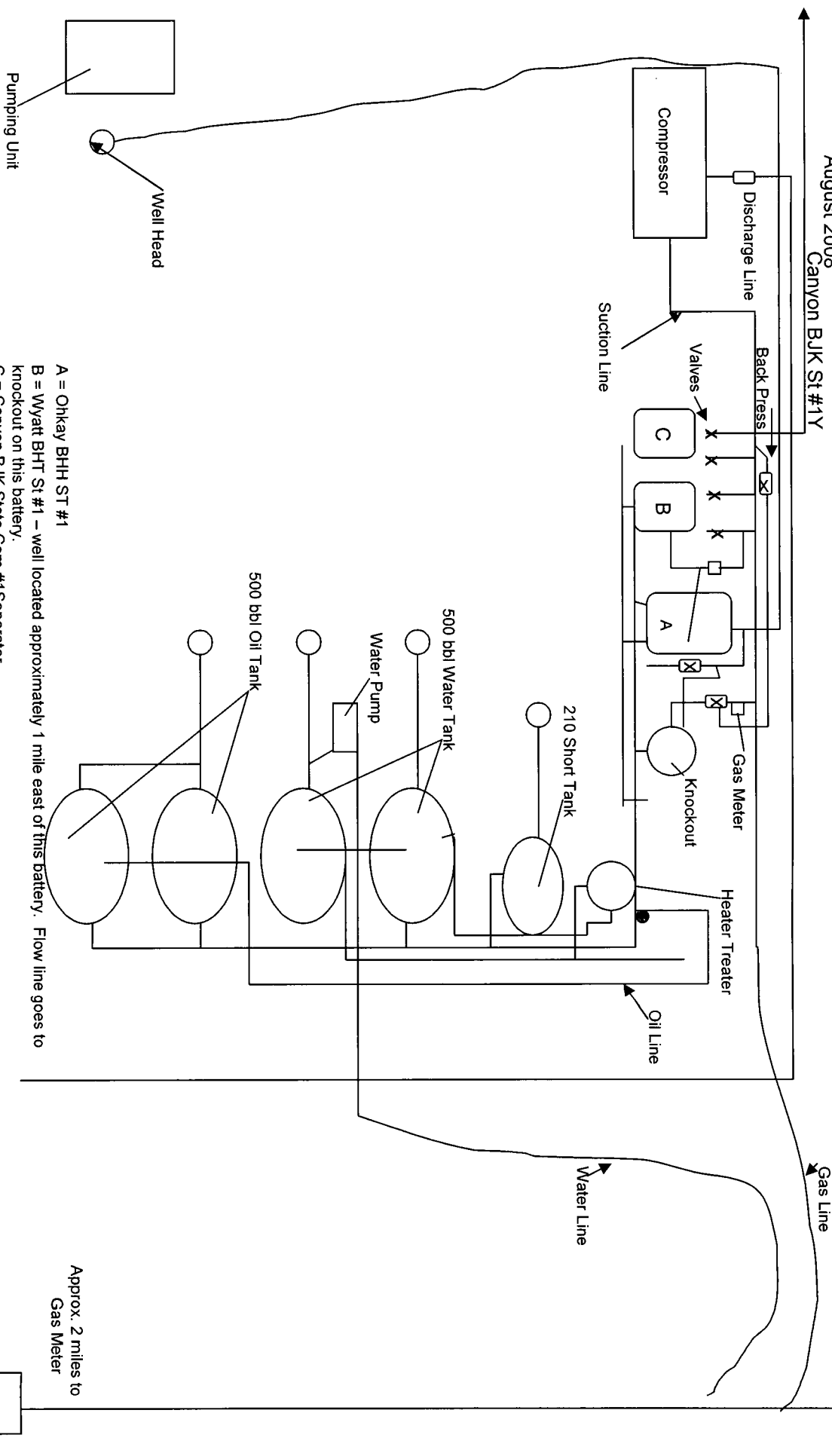
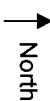
For Canyon BJK St. #1Y

330'FNL & 330'FWL \* Sec6 - T25S - R30E \* Unit D

EDDY, NM

API - 3001534551

Approx. 6 miles to  
Jester CDP



A = Ohkay BHH ST #1

B = Wyatt BHT St #1 - well located approximately 1 mile east of this battery. Flow line goes to knockout on this battery.

C = Canyon BJK State Com #1 Separator

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

Mayte, The Canyon BJK State #1 well is owned  
Yates Petroleum Corporation – 70%  
Yates Drilling Company – 10%  
Myco Industries, Inc. – 10%  
Abo Petroleum Corporation – 10%  
Thanks, Janet

MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986



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

S.P. YATES  
CHAIRMAN EMERITUS

JOHN A. YATES  
CHAIRMAN OF THE BOARD

FRANK YATES, JR.  
PRESIDENT

PEYTON YATES  
DIRECTOR

JOHN A. YATES, JR.  
DIRECTOR

September 17, 2008

Re: Lease Commingle of Oil  
Pierce Crossing/Bone Spring - Nash Draw/Delaware  
Eddy County, New Mexico

Dear Interest Owner:

Yates Petroleum Corporation respectfully request administrative approval for the addition of the Canyon BJK State #1Y to Lease Commingle of Oil CTB-590 approved on June 9<sup>th</sup> 2008.

<b>State</b> Ohkay BHH State #1 Sec 6-T25S-R30E Pierce Crossing/Bone Spring Nash Draw/Delaware API# 30-015-34551 Eddy County, NM Lease# VO-6711	<b>State</b> Wyatt BHT State #1 Sec 6-T25S-R30E Pierce Crossing/Bone Spring Nash Draw/Delaware API# 30-015-34553 Eddy County, NM Lease# VO-6699	<b>State</b> Canyon BJK State #1Y Sec 1-T25S-R29E Pierce Crossing/Bone Spring Nash Draw/Delaware - Possible DHC not yet applied for API# 30-015-36605 Eddy County, NM Lease # VA-2974
--	--	--

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

Each of these 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 #1 in Lot #4 of Sec 6, Township 25South, Range 30 East.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

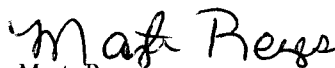
The purpose of the Commingling, is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to built separate facilities for each well. This will greatly increase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

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

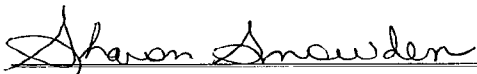
Any objection must be filed in writing with District Office within 20 days from the date the division received the application.

If you should have any questions, please give me a call at (575) 748-4213 (direct line).

Sincerely,

  
Mayte Reyes  
Production Clerk

I hereby approve this application



Company: MYCO Industries Inc.

MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986



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

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September 17, 2008

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Pierce Crossing/Bone Spring - Nash Draw/Delaware  
Eddy County, New Mexico

Dear Interest Owner:

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<b>State</b> Ohkay BHH State #1 Sec 6-T25S-R30E Pierce Crossing/Bone Spring Nash Draw/Delaware API# 30-015-34551 Eddy County, NM Lease# VO-6711	<b>State</b> Wyatt BHT State #1 Sec 6-T25S-R30E Pierce Crossing/Bone Spring Nash Draw/Delaware API# 30-015-34553 Eddy County, NM Lease# VO-6699	<b>State</b> Canyon BJK State #1Y Sec 1-T25S-R29E Pierce Crossing/Bone Spring Nash Draw/Delaware - Possible DHC not yet applied for API# 30-015-36605 Eddy County, NM Lease # VA-2974
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The Battery is located at the Ohkay BHH State #1. Please see attached plat and site facility diagram.

Each of these 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 #1 in Lot #4 of Sec 6, Township 25South, Range 30 East.

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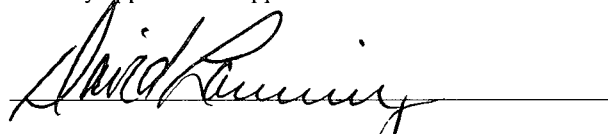
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Sincerely,

  
Mayte Reyes  
Production Clerk

I hereby approve this application



Company: Yates Petroleum Corporation.



MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
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State	State	State
Ohkay BHH State #1	Wyatt BHT State #1	Canyon BJK State #1Y
Sec 6-T25S-R30E	Sec 6-T25S-R30E	Sec 1-T25S-R29E
Pierce Crossing/Bone Spring	Pierce Crossing/Bone Spring	Pierce Crossing/Bone Spring
Nash Draw/Delaware	Nash Draw/Delaware	Nash Draw/Delaware - Possible DHC not yet applied for
API# 30-015-34551	API# 30-015-34553	API# 30-015-36605
Eddy County, NM	Eddy County, NM	Eddy County, NM
Lease# VO-6711	Lease# VO-6699	Lease # VA-2974

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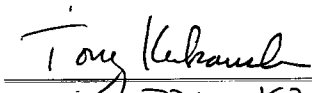
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Sincerely,

  
Mayte Reyes  
Production Clerk

I hereby approve this application

  
TONY KRAKAUSKAS  
Company: Yates Drilling Company

MARTIN YATES, III  
1912-1985

FRANK W. YATES  
1936-1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
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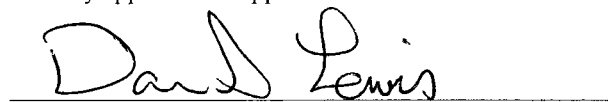
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Mayte Reyes  
Production Clerk

I hereby approve this application



Company: ABO Petroleum Corporation.