

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

SEP 2 1 2015

7. If Unit or CA/Agreement, Name and/or No.
Multiple--See Attached

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

9. API Well No.
Multiple--See Attached

10. Field and Pool, or Exploratory
N DAGGER DRAW
N SEVEN RIVERS-GLOR-YESO

11. County or Parish, and State
EDDY 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.)

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

RECEIVED

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 DUNCAN WHITLOCK Title TECHNICAL LPET Date 09/15/2015

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 **

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
--	---------------	-----	-----

NM 023855B

<u>Federal Lease #NM-94492</u>	<u>Pool #97565</u>	<u>BOPD</u>	<u>Gravity</u>
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, 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.

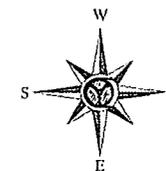
The purpose of the Surface/lease Commingle of production is, in the interest of conservation, the reduction of environmental impact area, and overall emissions. It will not result in reduced royalty or improper measurement of production. Without approval for utilizing existing batteries on adjacent leases, 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

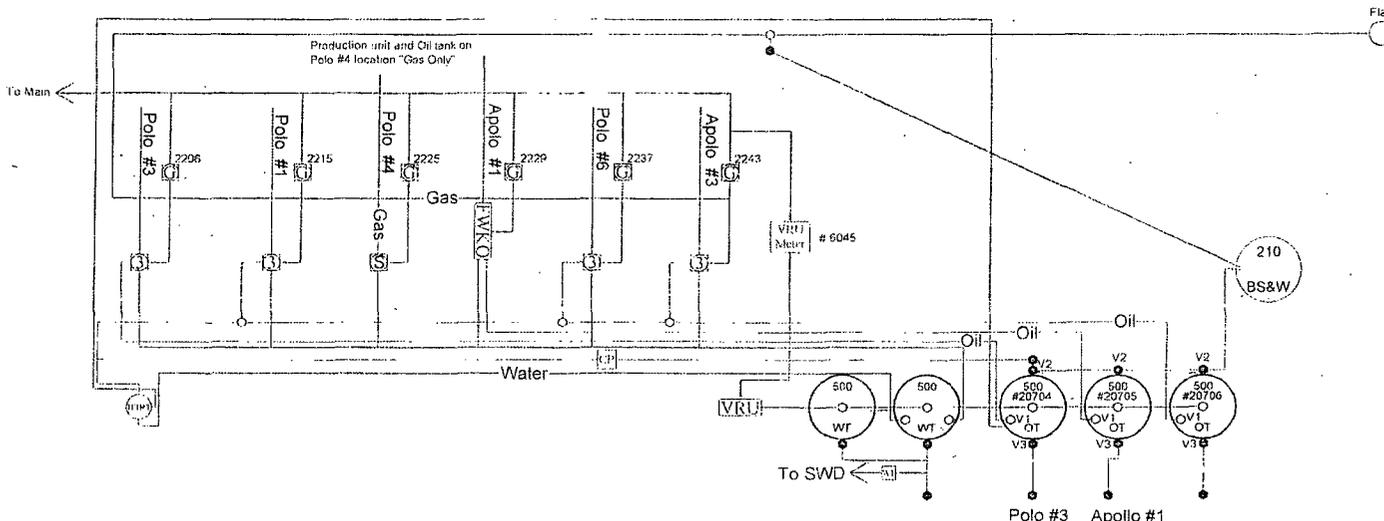
Sales Phase:

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

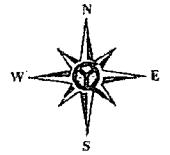
- = Valve Closed
- = Valve Opened
- CP = Circulating Pump
- WP = Water Pump
- GM = Gas Meter
- 3 = 3 Phase Separator
- VRU = Vapor Recovery Unit
- S = Separator
- HTR = Heater Treater
- 210 BS&W = Bottom Sediment & Water (Slop Tank)
- FWKO = Free Water Knock Out



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



105 SOUTH FOURTH (915) 748-1471
ARTESIA, NEW MEXICO 88210



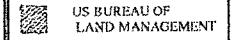
LEGEND

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

TOWNSHIP AND RANGE
T19S R25E

SECTION 10	FOOTAGE
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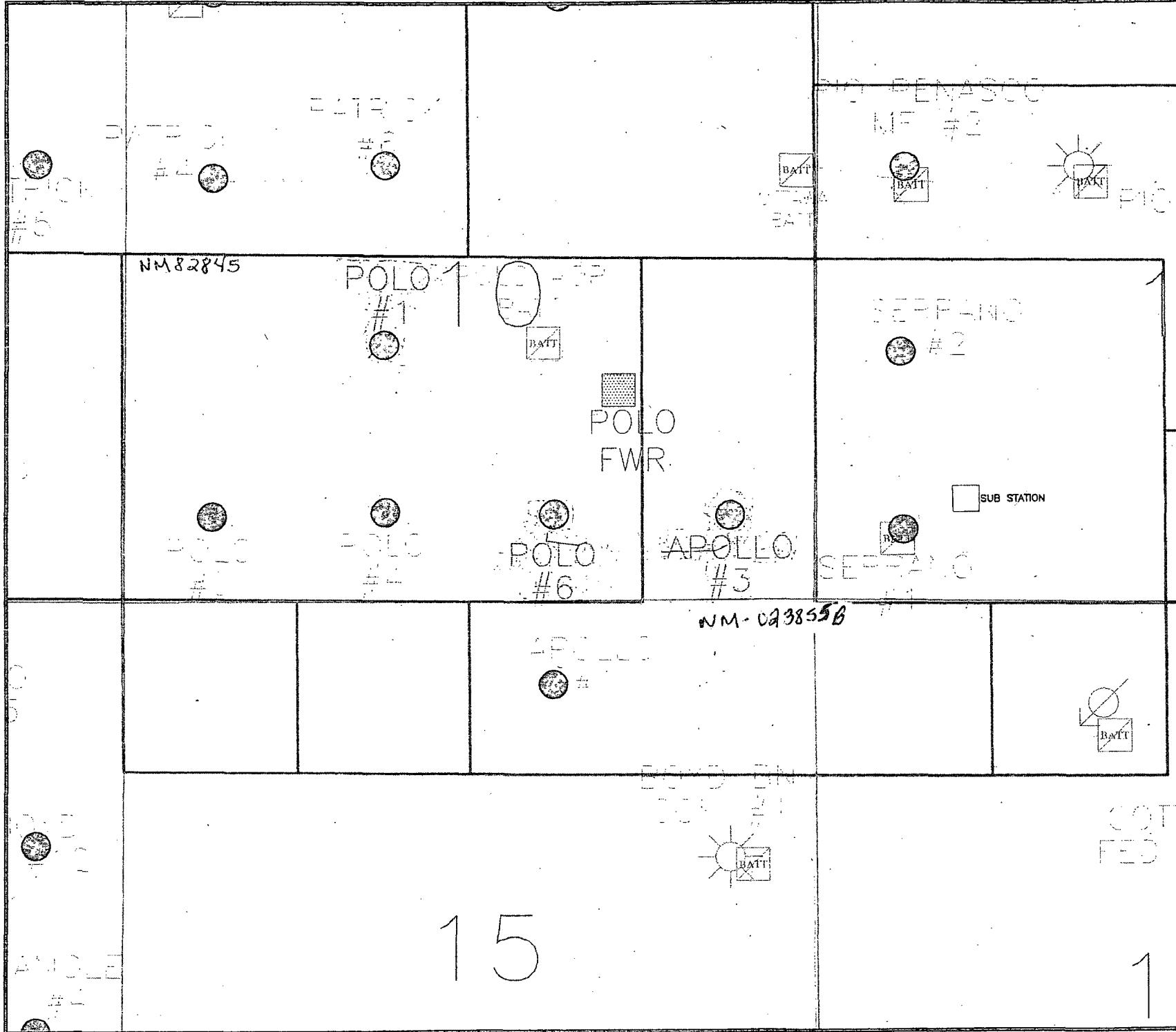
NM STATE



DRAWN BY: JAH
 DATE DRAWN: 07-10-14
 COUNTY: EDDY
 STATE: NEW MEXICO
 SHEET NUMBER: 1 OF 1
 SCALE: 1" = 3/16 MILE

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TITLE:





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



LEGEND

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

TOWNSHIP AND RANGE
T19S R25E

SECTION	FOOTAGE
10	

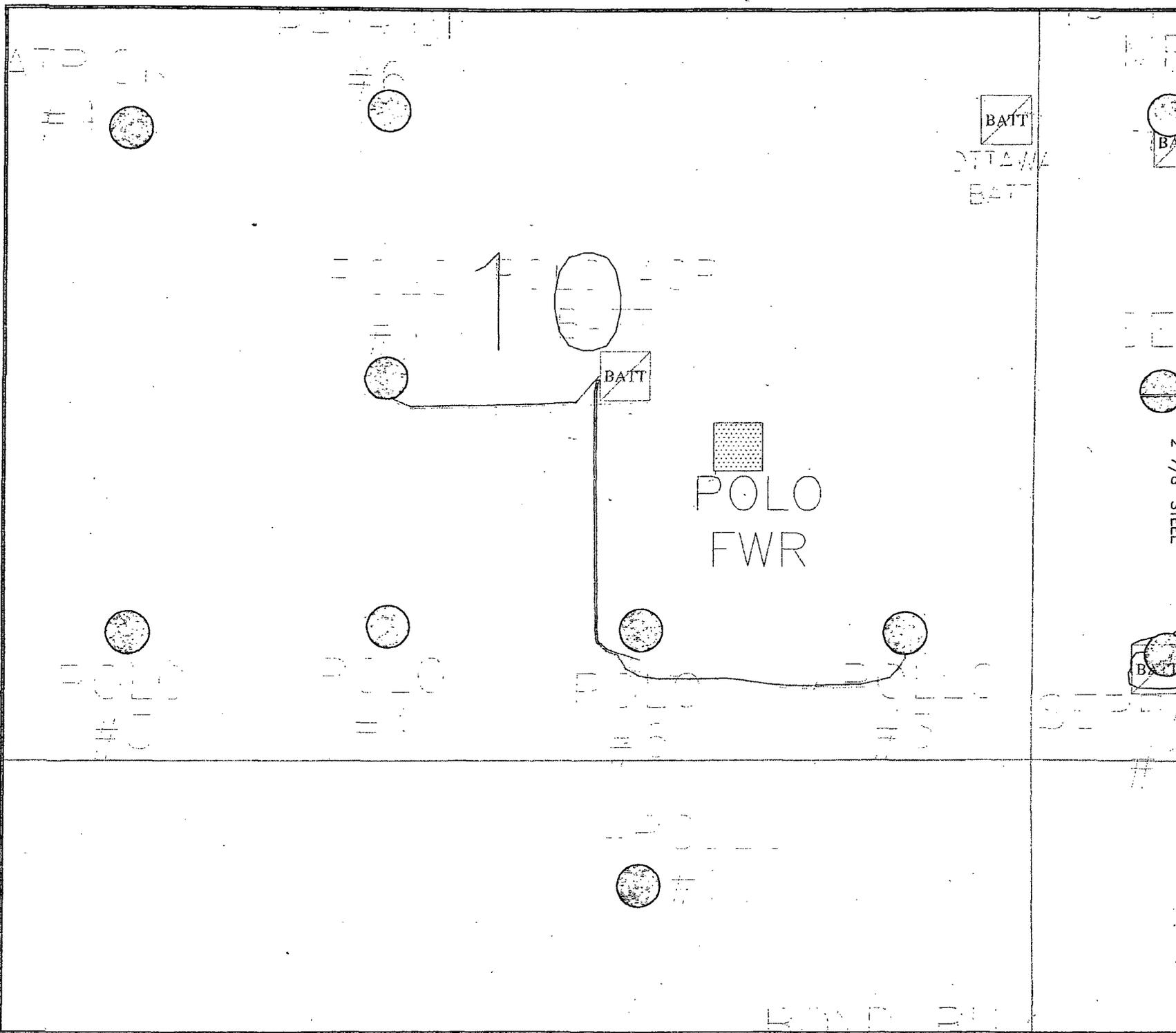
NM STATE

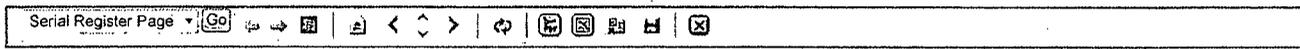
US BUREAU OF LAND MANAGEMENT

DRAWN BY: JAH
 DATE DRAWN: 07-08-14
 COUNTY: EDDY
 STATE: NEW MEXICO
 SHEET NUMBER: 1 OF 1
 SCALE: 1" = 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
Case Type 312021: O&G LSE COMP PD -1987
Commodity 459: OIL & GAS L
Case Disposition: AUTHORIZED

Total Acres 240.000
Serial Number: NMNM-082845

Name & Address	Serial Number: NMNM-- 082845	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
OKY-Y-I COMPANY PO BOX 2570	HOUSTON TX 77227570	LESSEE	10.00000000
YATES PETRO CORP 105 S 4TH ST	ARTESIA NM 88210	LESSEE	70.00000000

Mer Twp Rng Sec	STyp	SNr Surr	Subdivision	District/Field Office	County	Mgmt Agency
23 0190S 0250E 010	ALUO		SW25SE	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Act Date	Code	Action	Action Remar	Pending Office		
09/18/1987	357	CASE ESTABLISHED	PERMITS		1987	08 13
09/18/1987	181	SALE HELD			1987	08 14
09/18/1987	347	BID RECEIVED	247976.600		1987	08 14
09/18/1987	307	MONEY RECEIVED	\$12006.000		1987	08 14
09/17/1987	111	RENTAL RECEIVED	8760.00118/97-91		1987	08 13
10/13/1987	237	LEASE ISSUED			1987	10 13
10/16/1987	974	AUTOMATED RECORD VERIFY	504LRC		1987	10 14
11/01/1987	438	FIND CODE	06111000		1987	11 01
11/01/1987	537	RENTAL RECEIVED			1987	11 01
11/01/1987	848	RENTAL RECEIVED			1987	11 01
11/09/1987	111	RENTAL RECEIVED	9240.00211/090570077		1987	11 01
12/10/1987	600	RECORDS HOTEL			1987	12 10
12/20/1987	782	CASE MICROFILMED	0218 567,148		1987	12 20
08/12/1988	111	RENTAL RECEIVED	1340.00212/07430		1988	08 11
08/12/1988	111	RENTAL RECEIVED	1340.00212/07430		1988	08 12
03/04/1989	111	RENTAL RECEIVED	8940.00213/42175		1989	03 04
03/05/1989	575	BOND ACCEPTED	LEF 04/27/89/282184		1989	03 05
10/27/1989	249	LEASE COMMITTED TO DA	8828044481		1989	10 27
10/27/1989	480	HELL BY PROD - ACTUAL			1989	10 27
10/27/1989	484	MEMO OF LET PROD-ACTUAL			1989	10 27
10/21/1989	884	RENTAL RECEIVED BY O&G	8154.00213/080000240		1989	10 21
10/21/1989	328	EXTENDED	7882 10431/96		1989	10 21
10/13/1989	772	AUTOMATED RECORD VERIFY	LRC		1989	10 13
09/18/1989	240	LEASE COMMITTED TO DA	8828044400		1989	09 18
09/15/1989	571	API FILED			1989	09 15
12/05/1989	576	API APPROVED	1-PULL ACP F81		1989	12 05
12/05/1989	576	API APPROVED	3-PULL ACP F81		1989	12 05
09/17/1989	576	API APPROVED	1-PULL ACP F81 COM		1989	09 07
09/12/1989	575	API FILED			1989	09 12
09/10/1989	574	API APPROVED	7-PULL ACP F81 COM		1989	09 10
09/01/1989	401	RTY RED-STRIPPER HELI	10.13/14		1989	09 01
10/01/1989	401	RTY RED-STRIPPER HELI	2.13/14		1989	10 01
11/01/1989	401	RTY RED-STRIPPER HELI	3.78/14		1989	11 01
11/01/1989	402	RTY REDUCTIVE ACP	10.13/14		1989	11 01

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	0.000000000
COLL CLARKE C	PO BOX 1818	ROSWELL NM 882021818	OPERATING RIGHTS	0.000000000
COLL ERIC J	PO BOX 1818	ROSWELL NM 882021818	OPERATING RIGHTS	0.000000000
COLL JON F II	7373 WALLA WALLA DR	SAN ANTONIO TX 78250	OPERATING RIGHTS	0.000000000
COLL MAX W III	7625 #2 EL CENTRO BLVD	LAS CRUCES NM 88012	OPERATING RIGHTS	0.000000000
DETEMPE-COLL MELANIE	5653 TOBIAS AVE	VAN NUYS CA 91411	OPERATING RIGHTS	0.000000000
OXY USA WTP LP	5 GREENWAY PLAZA #110	HOUSTON TX 77046	LESSEE	100.000000000
SHARBRO ENERGY LLC	PO BOX 840	ARTESIA NM 882110840	OPERATING RIGHTS	0.000000000
SHARBRO OIL LTD CO	PO BOX 840	ARTESIA NM 88210	OPERATING RIGHTS	0.000000000
YATES INDUSTRIES LLC	PO BOX 1091	ARTESIA NM 882111091	OPERATING RIGHTS	0.000000000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS	0.000000000

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
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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

NW 023875B
~~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

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If you have any questions, please call me at (575) 748-4200 (direct line)

I hereby approve this application

Companv: MYCO Industries, Inc.

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1913-1985
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105 SOUTH FOURTH STREET
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API #30-015-28170
Eddy County, NM

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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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Company: Abo Petroleum Corporation

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JOHN D. PERINI
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

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.

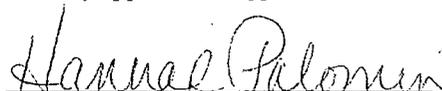
Gas Measurement

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: Sharbro Energy LLC

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

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

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Polo AOP Fed #1 & #6 and Apollo APU Fed #3
Eddy County, New Mexico

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Companv: John A Yates

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I hereby approve this application

Company Yates Petroleum Corporation
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RE: Surface lease (CA) commingle oil only
Polo AOP Fed #1 & #6 and Apollo APU Fed #3
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Sec. 10-T19S-R25E, SESE
API# 30-015-29431
Eddy County, NM

Glorieta-Yeso

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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.

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If you have any questions, please call me at (575) 748-4200 (direct line)

I hereby approve this application

Company Trust O U/W/O Pezzy A Yates, deceased

KATHY H. PORTER
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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

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. 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

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.

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
LAJ 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.