

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

HOBBS OCD

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS** **SEP 21 2015**
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. Multiple--See Attached
6. If Indian, Allottee or Tribe Name
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 PARKWAY WILDCAT
11. County or Parish, and State EDDY COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> 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 recomplate 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 recompletion 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 Nucleus BGN Fed #1H and the Focus BDB Fed #1H oil production only.

The commingle production will be measured and sold at the Nucleus BGN Fed. #1H battery located at SWNW, Sec. 31-T19S-R30E.

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.

Accepted for record
NMOC 9/24/15
NM OIL CONSERVATION
ARTESIA DISTRICT

SEP 24 2015

30-005-3924/

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RECEIVED

14. I hereby certify that the foregoing is true and correct. Electronic Submission #253186 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by DEBORAH HAM on 11/24/2014 (15DMH0122SE)	
Name (Printed/Typed) MIRIAM MORALES	Title PRODUCTION ANALYST
Signature (Electronic Submission)	Date 07/15/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>DUNCAN WHITLOCK</u>	Title <u>TECHNICAL LPET</u>	Date <u>09/15/2015</u>
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 ****

Additional data for EC transaction #253186 that would not fit on the form

5. Lease Serial No., continued

NMNM85909
NMNM89049

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM85909	NMNM85909	FOCUS BDB FEDERAL 1H	30-015-39421-00-S1	Sec 31 T19S R30E NWNW 560FNL 330FWL
NMNM89049	NMNM89049	NUCLEUS BGN FEDERAL 1H	30-015-39241-00-S1	Sec 31 T19S R30E Lot 2 1750FNL 330FWL

Continuation of Focus BDB #1H surface lease (CA) Commingle

Federal Lease #NM-85909

<u>Well name</u>	<u>Pool #49622</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Focus BDB Federal #1H Sec. 10-T19S-R25E, NWNW API #30-015-39421 Eddy County, NM	Parkway; Bone S	*150	*42	*200	*1209

CA #unavailable at this time

Nucleus BGN Federal Com #1H Sec. 31-T19S-R30E, SWNW API #30-015-39241 Eddy County, NM	Parkway; Bone S	*150	*42	*200	*1209
--	-----------------	------	-----	------	-------

*This is an estimated production, updated information will be provided upon well completion with updated diagram.

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 Nucleus BGN Fed #1H. 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 well will have its own sales meter and no commingling will take place.

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

(505) 748-1471

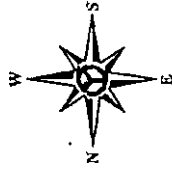
-Keith Hutchens
-July, 2014

Nucleus BGN Fed Com #1H

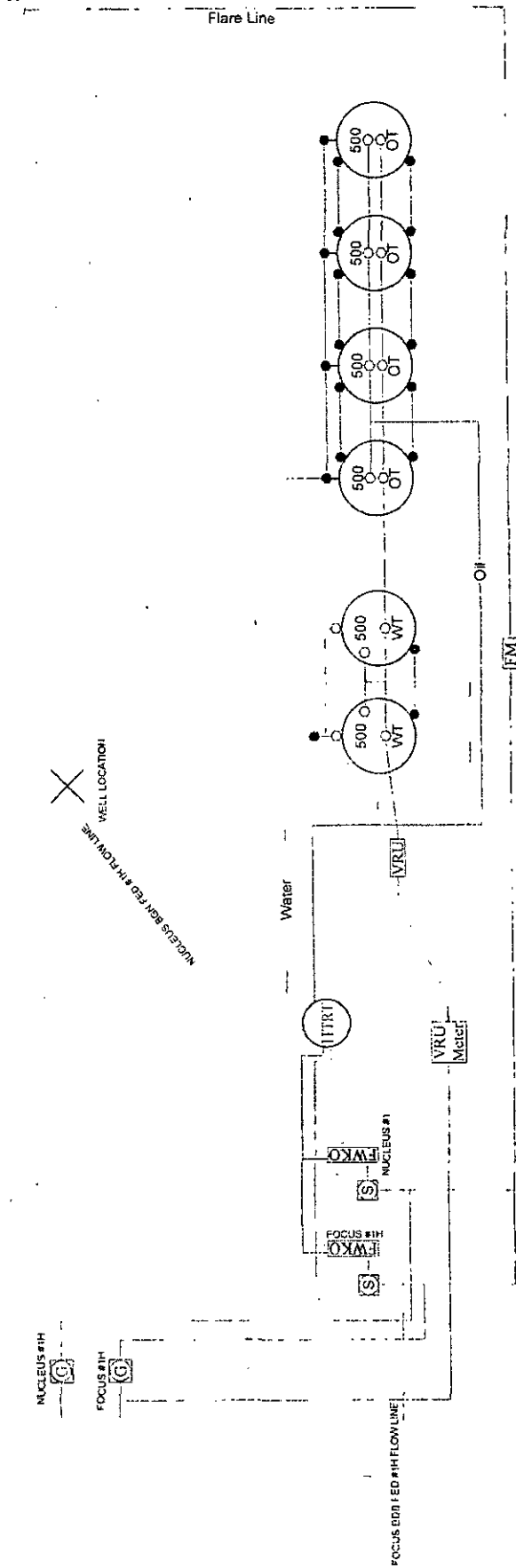
1750' FNL & 330' FWL * Sec 31 - T19S-R30E* Unit E

Eddy County, NM

API - 3001539241



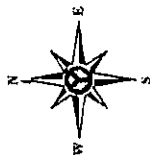
- Valve Closed
- Valve Open
- FM Flow Meter
- G Gas Meter
- FWKO Free Water Knock Out
- S Separator
- VRU Vapor Recovery Unit
- HTRU Heater Treater



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



HE SOUTHWEST (7511-1471)
ARTESIA, NEW MEXICO 87110



LEGEND

— Lease boundaries

— CA boundaries

● OIL WELL PROPOSED

☆ GAS WELL

○ OIL WELL

— GPS ROADS

— FLOW LINE YATES

TOWNSHIP AND RANGE

119S 10E

SECTION

FOOTAGE

31

NM STATE

US BUREAU OF LAND MANAGEMENT

DRAWN BY: JAH

DATE DRAWN: 07-10-14

COUNTY: EDDY

STATE: NEW MEXICO

SHEET NUMBER: 1 OF 1

SCALE: 1" = 1/8 MILE

TITLE:

THIS MAP HAS BEEN CAREFULLY
COMPILED AND PRINTED BY YATES
PETROLEUM CORPORATION FROM
AVAILABLE INFORMATION. YATES
PETROLEUM CORPORATION DOES NOT
GUARANTEE THE ACCURACY OF THIS
MAP OR INFORMATION DELINEATED
HEREON.
NOR DOES YATES PETROLEUM
CORPORATION ASSUME
RESPONSIBILITY FOR ANY RELIANCE
THEREON. RECIPIENT AGREES NOT TO
COPY, DISTRIBUTE OR DIGITIZE THIS
MAP WITHOUT EXPRESS CONSENT
FROM YATES PETROLEUM
CORPORATION OR ITS AFFILIATES.

FRESH
WATER
RESERVOIR

(MEWBOURNE)

FOCUS

BDR #1H

NUCLEUS
BGN #1H



BHL



BHL

NM-62211

NM-62210

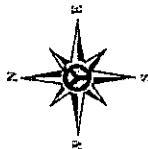
NM-89049

CA # unavailable

PL #1H



100 SOUTH FORTIETH (70N 74E-14E)
ARTESIA, NEW MEXICO 88210



LEGEND

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

TOWNSHIP AND RANGE
T15S R30E

SECTION FOOTAGE

NM STATE

US BUREAU OF
LAND MANAGEMENT

DRAWN BY: JAH

DATE DRAWN: 07-08-14

COUNTY: EDDY

STATE: NEW MEXICO

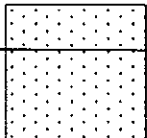
SHEET NUMBER: 1 OF 1

SCALE: 1" = 1/16 MILE

TITLE:

THIS MAP HAS BEEN CAREFULLY
COMPILED AND PRINTED BY YATES
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LEASED, RECIPIENT AGREES NOT TO
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CORPORATION OR ITS AFFILIATES.

(MEWBOURNE)



BATT

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Time 09:14 AM
Page 1 of 7

[Click here to see on map](#)

Run Date: 07/10/2014

01 02-25-1920;0415TAT0437;30USC181ETSEQ
Case Type 311211: O&G LSE SIMO PUBLIC LAND
Commodity 459: OIL & GAS L
Case Disposition: AUTHORIZED

Total Acres 79.280 Serial Number NMNM-- 062210

Serial Number: NMNM--062210

Name & Address			Int Rel	% Intere
ABO PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS	0.0000000000
DAVID PETROLIUM CORP	116 W 1ST ST	ROSWELL NM 88201	OPERATING RIGHTS	0.0000000000
K & C PRODUCTION CO	116 W 1ST ST	ROSWELL NM 88201	OPERATING RIGHTS	0.0000000000
MC MILLAN COLIN R	116 W 1ST ST	ROSWELL NM 88201	OPERATING RIGHTS	0.0000000000
WALCO INDUSTRIES INC	105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS	0.0000000000
NAGEL & GUSSMAN PERMIAN LLC	601 N MARIENFELD #508	MIDLAND TX 79701	OPERATING RIGHTS	0.0000000000
NAGEL & GUSSMAN PERMIAN LLC	601 N MARIENFELD #508	MIDLAND TX 79701	LEASES	100.0000000000
XYL Y-1 COMPANY	PO BOX 27510	HOUSTON TX 7721775750	OPERATING RIGHTS	0.0000000000
PERMIAN EXPL CORP	116 W 1ST ST	ROSWELL NM 88201	OPERATING RIGHTS	0.0000000000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS	0.0000000000

Serial Number: NMNM--062210

Per	Imp	Orig	Ass	V	Typ	SVR	Subdivision	District/Field Office	County	Mgmt Agency
23	01003	0300E	031		ALJO	SEANN		CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	01003	0300E	031		LOTS	2.		CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM- - 062210

Act Date	Code	Action	Action Remark	Pending Office
20/07/1992	77	CASE ESTABLISHED	20/07/1992	1992 05 30
14/09/1992	466	DRAWING ASSE		1992 10 05
05/01/1993	237	LEADS MODEL		1993 01 22
07/10/1993	400	PLUMBER MODEL		1993 04 17
09/11/1992	143	CASE MICROFILM	STARK 053, 143	1992 09 23
09/01/1993	196	FILE CODE	05/11/1993	1993 01 23
09/01/1993	530	RETRY RATE = 12 1/2%		1993 01 23
09/01/1993	169	REJECTIVE RATE		1993 01 23
09/01/1993	140	ADRI FILE	PERFECT/REMARKS	1993 10 05
19/10/1992	131	ADRI APPROVAL	01/10/1992	1992 06 11
29/07/1992	111	RENTAL RECEIVED	01/01/1992	1992 07 25
27/09/1992	111	RENTAL RECEIVED	02/07/1992	1992 07 27
14/11/1992	374	AUTOMATED RECORD VERIFY	09/11/1992	1992 07 27
07/11/1992	111	RENTAL RECEIVED	09/09/1992	1992 07 27
08/11/1992	111	RENTAL RECEIVED	09/09/1992	1992 07 27
04/12/1992	575	ALL FILE	FILED BY 01/12/1992	1992 12 23
09/10/1992	576	ALL APPROVAL	09/10/1992	1992 12 23
09/09/1992	111	RENTAL RECEIVED	09/09/1992	1992 12 23
09/08/1992	377	TAT OVER RPT FILE	09/08/1992	1992 12 23
11/08/1992	375	TAT OVER RPT APPROVAL	09/08/1992	1992 12 23
11/08/1992	374	AUTOMATED RECORD VERIFY	09/08/1992	1992 12 23
07/10/1992	304	TAT OVER RPT FILE	09/08/1992	1992 12 23
09/08/1992	111	RENTAL RECEIVED	09/08/1992	1992 12 23
09/08/1992	111	RENTAL RECEIVED	09/08/1992	1992 12 23
09/08/1992	111	RENTAL RECEIVED	09/08/1992	1992 12 23
11/01/1993	577	TAT OVER RPT FILE	09/08/1992	1992 12 23
11/01/1993	575	TAT OVER RPT APPROVAL	09/08/1992	1992 12 23
09/08/1992	374	AUTOMATED RECORD VERIFY	09/08/1992	1992 12 23

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Serial Register Page

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Time: 10:53 AM

Page 1 of 1

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Run Date: 07/10/2014

01 12-22-1987;101STAT1330;30USC181 ET SE

Total Acres

Serial Number

Case Type 312021: O&G LSE COMP PD-1987

159.260

NMNM--085909

Commodity 459: OIL & GAS

L

Case Disposition: AUTHORIZED

Name & Address		Serial Number: NMNM--085909		Int Rel	% Intere
ASO PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	LESSEE		15.64800000
DAVID PETROLEUM CORP	116 W 1ST ST	ROSWELL NM 88201	LESSEE		10.81750000
K & C PRODUCTION CO	118 W 1ST ST	ROSWELL NM 88201	LESSEE		8.37500000
MYCO INDUSTRIES INC	105 S 4TH ST	ARTESIA NM 88210	LESSEE		15.64800000
OXY-Y-I COMPANY	PO BOX 27578	HOUSTON TX 77227578	LESSEE		15.64800000
PERMAN EXPL CORP	116 W 1ST ST	ROSWELL NM 88201	LESSEE		4.68750000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	LESSEE		25.60000000

Ser Typ Rm Sec		STyp	SHr Suf	Subdivision	District/Field Office	County	Mgmt Agency
21	0100	030E	031	ALLO	NONE/MENK	EDDY	BUREAU OF LAND MGMT
21	0100	030E	031	LOTS	1	EDDY	BUREAU OF LAND MGMT

Act Date		Code	Action	Action Remar	Pending Office
10/17/1997	101	101	LEASE ESTABLISHED	01/01/97	
10/17/1997	101	101	SALE FIELD		
10/17/1997	149	149	BID RECEIVED	01/01/97	
10/17/1997	192	192	NOTES RECEIVED	01/01/97	
10/17/1997	157	157	LEASE ISSUED		
11/01/1997	196	196	LEASE RECEIVED	10/17/97	
01/01/1998	196	196	LEASE RATE - 11 1/2%		
01/01/1998	364	364	EFFECTIVE DATE		
11/10/1997	111	111	RENTAL RECEIVED	01/01/97	
01/01/1998	600	600	RECORDS IN FILE		
02/12/1998	659	659	REF OF DR FILE		
04/16/1998	672	672	AUTOMATED RECORD VERIFY	04/16/98	
11/18/1998	111	111	RENTAL RECEIVED	01/01/98	
11/18/1998	111	111	RENTAL RECEIVED	01/01/98	
01/01/1999	147	147	ADN FILED	01/01/99	
03/07/1999	137	137	ADN RECEIVED	03/07/99	
03/07/1999	74	74	AUTOMATED RECORD VERIFY	03/07/99	
11/11/1999	111	111	RENTAL RECEIVED	01/01/99	
07/11/1999	137	137	LEASE COMMITTED TO CA	07/11/99	
07/11/1999	137	137	LEASE COMMITTED TO CA	07/11/99	
11/18/1999	601	601	RENTAL RECEIVED	01/01/99	
11/18/1999	601	601	RENTAL RECEIVED	01/01/99	
11/18/1999	601	601	RENTAL RECEIVED	01/01/99	
11/18/1999	601	601	RENTAL RECEIVED	01/01/99	

Line Nr	Remarks	Serial Number: NMNM--085909
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NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

Serial Register Page

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Time 09:17 AM

Page 1 of 1

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Run Date: 07/10/2014

01 12-22-1987;101STAT1330;30USC181 ET SE

Total Acres

Serial Number

Case Type 312021: O&G LSE COMP PD-1987

40.000

NMNM--089049

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Name & Address		Serial Number: NMNM--089049		Int Rel	% Intere
ABO PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	LESSEE		18.666700000
DAVID PETROLEUM CORP	116 W 1ST ST	ROSWELL NM 88201	LESSEE		10.937500000
K & C PRODUCTION CO	116 W 1ST ST	ROSWELL NM 88201	LESSEE		9.375000000
MYCO INDUSTRIES INC	105 S 4TH ST	ARTESIA NM 88210	LESSEE		16.666600000
GAY Y-1 COMPANY	PO BOX 27570	HOUSTON TX 772277570	LESSEE		18.666700000
PERMAN EXPL CORP	116 W 1ST ST	ROSWELL NM 88201	LESSEE		4.687500000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	LESSEE		25.000000000

Serial Number: NMNM-- 089049								
Mer Typ	Rng	Sec	S Typ	Sub Division	District/Field Office	County	Home Agency	
23	01005	0300E	031	ALG	SENE	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM--089049				
Act Date	Code	Action	Action Remark	Pending Office
04/01/1991	28	LEASE AUTOMATICALLY		
04/01/1991	291	SALE REVE		
04/01/1991	292	BIG RECEIVED	04/01/1991	
04/01/1991	293	MINES RECEIVED	04/01/1991	
04/01/1991	294	LEASE RECEIVED		
04/01/1991	295	AUTOMATICALLY RECEIVED		
04/01/1991	296	LEASE RECEIVED	04/01/1991	
04/01/1991	297	LEASE RATE = 12 1/2%		
04/01/1991	298	EFFECTIVE DATE		
04/01/1991	299	RECORDS NOTED		
04/01/1991	300	ASIN FILED	YATES ETAL/YATES ETAL	
04/01/1991	301	ASIN APPROVED	04/01/1991	
04/01/1991	302	AUTOMATICALLY RECEIVED		
04/01/1991	303	CASE HIGHLY INTERESTING	04/01/1991	
04/01/1991	304	RENTAL RECEIVED	04/01/1991	
04/01/1991	305	ASIN FILED	04/01/1991	
04/01/1991	306	ASIN APPROVED	04/01/1991	
04/01/1991	307	AUTOMATICALLY RECEIVED		
04/01/1991	308	RENTAL RECEIVED	04/01/1991	
04/01/1991	309	AUTOMATICALLY RECEIVED		
04/01/1991	310	LEASE COMMITTED TO O&G		
04/01/1991	311	RENT OF 1ST PRD-ALLAC		
04/01/1991	312	RENT BY 1984 - ALLACATED		
04/01/1991	313	PRODUCTION INFORMATION		
04/01/1991	314	LEASE CHANGE RECEIVED		
04/01/1991	315	AUTOMATICALLY RECEIVED		

Line Nr Remarks

Serial Number: NMNM--089049

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MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471

www.yatespetroleum.com

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

RE: Surface lease (CA) commingle
Focus BDB Federal #1H
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface Lease (CA) commingle production for the Nucleus BGN Federal Com #1H and Focus BDB Federal #1H.

The commingle production will be measured and sold at the Nucleus BGN tank battery facilities located at SWNW, Sec. 31-T19S-R30E.

Federal Lease #NM-85909

Well name

Focus BDB Federal #1H
Sec. 31-T19S-R30E, NWNW
API #30-015-39421
Eddy County, NM

Pool #49622

Parkway; Bone S

BOPD

*150

Gravity

*42

MCFPD

*200

BTU

*1209

CA # unavailable at this time

Nucleus BGN Com Federal #1H
Sec. 20-T19S-R25E, SWNW
API # 30-015-39241
Eddy County, NM

Parkway; Bone S

*150

*42

*200

*1209

*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 Nucleus BGN Fed #1H. 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.

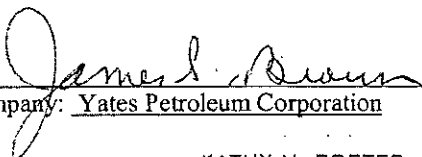
Gas Measurement

Each well will have its own sales meter and no commingle will take place.

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

I hereby approve this application


Company: Yates Petroleum Corporation

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471

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CHAIRMAN OF THE BOARD
PRESIDENT

JOHN D. PERINI
EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
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RE: Surface lease (CA) commingle
Focus BDB Federal #1H
Eddy County, New Mexico

Dear Interest Owner,

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Federal Lease #NM-85909

<u>Well name</u>	<u>Pool #49622</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Focus BDB Federal #1H Sec. 31-T19S-R30E, NWNW API #30-015-39421 Eddy County, NM	Parkway; Bone S	*150	*42	*200	*1209
CA # unavailable at this time					
Nucleus BGN Com Federal #1H Sec. 20-T19S-R25E, SWNW API # 30-015-39241 Eddy County, NM	Parkway; Bone S	*150	*42	*200	*1209

*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 Nucleus BGN Fed #1H. 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 sales meter and no commingle will take place.

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: Mvco Industries, Inc.

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S.P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471

www.yatespetroleum.com

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

RE: Surface lease (CA) commingle
Focus BDB Federal #1H
Eddy County, New Mexico

Dear Interest Owner,

Yates Petroleum is notifying you of an application to Surface Lease (CA) commingle production for the Nucleus BGN Federal Com #1H and Focus BDB Federal #1H.

The commingle production will be measured and sold at the Nucleus BGN tank battery facilities located at SWNW, Sec. 31-T19S-R30E.

Federal Lease #NM-85909

<u>Well name</u>	<u>Pool #49622</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Focus BDB Federal #1H	Parkway; Bone S	*150	*42	*200	*1209
Sec. 31-T19S-R30E, NWNW					
API #30-015-39421					
Eddy County, NM					

CA # unavailable at this time

Nucleus BGN Com Federal #1H	Parkway; Bone S	*150	*42	*200	*1209
Sec. 20-T19S-R25E, SWNW					
API # 30-015-39241					
Eddy County, NM					

*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 Nucleus BGN Fed #1H. 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.

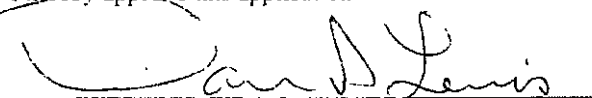
Gas Measurement

Each well will have its own sales meter and no commingle will take place.

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: Abo Petroleum Corporation

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

MARTIN YATES, III
1912-1988

FRANK W. YATES
1936-1986

S. P. YATES
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PRESIDENT

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EXECUTIVE VICE PRESIDENT
CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

July 15, 2014

RE: Surface lease (CA) commingle
Focus BDB Federal #1H
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 production for the Nucleus BGN Federal Com #1H and Focus BDB Federal #1H.

The commingle production will be measured and sold at the Nucleus BGN tank battery facilities located at SWNW, Sec. 31-T19S-R30E.

Federal Lease #NM-85909

Well name

Focus BDB Federal #1H
Sec. 31-T19S-R30E, NWNW
API #30-015-39421
Eddy County, NM

Pool #49622

Parkway; Bone S

BOPD

*150

Gravity

*42

MCFPD

*200

BTU

*1209

CA # unavailable at this time

Nucleus BGN Com Federal #1H
Sec. 20-T19S-R25E, SWNW
API # 30-015-39241
Eddy County, NM

Parkway; Bone S

*150

*42

*200

*1209

*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 Nucleus BGN Com Fed #1H. 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

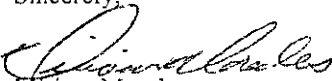
Each well will have its own sales meter and no commingling will take place.

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

HUGH E & MICHAEL G HANAGAN CO-TRUSTEES OF BETTY L TRUST P O BOX 1737 ROSWELL, NM 88202	7014 0510 0001 0742 8398
EDSEL B NEFF, JR 403 TIERRA BERRENDIA ROSWELL, NM 88201	7014 0510 0001 0742 8404
THOMAS R NICKOLOFF P O BOX 51807 MIDLAND, TX 79710-1807	7014 0510 0001 0742 8411
HANAGAN PETROLEUM CORP P O BOX 1737 ROSWELL, NM 88202	7014 0510 0001 0742 8428
JOSE R PEREZ P O BOX 3091 CORPUS CHRISTI, TX 78463	7014 0510 0001 0742 8435
NUEVO SEIS, LIMITED P O BOX 2588 ROSWELL, NM 88202-2588	7014 0510 0001 0742 8442
MORRIS E SCHERTZ P O BOX 2588 ROSWELL NM 88202-2588	7014 0510 0001 0742 8459
FIRST ROSWELL COMPANY P O BOX 1797 ROSWELL NM 88202-1797	7014 0510 0001 0742 8466
BRIAN T GROOMS 2906 DIAMOND A DR ROSWELL NM 88201	7014 0510 0001 0742 8473

LIST OF OWNERS WITH CERTIFIED LETTER NUMBERS

MADISON M HINKLE P O BOX 2292 ROSWELL NM 88202-2292	7014 0510 0001 0742 8480
ROLLA R HINKLE III P O BOX 2292 ROSWELL NM 88202-2292	7014 0510 0001 0742 8497
NATALIE V HANAGAN 1922 18 TH AVE W WILLISTON ND 58801-2553	7014 0510 0001 0742 8503
OXY Y-1 COMPANY P O BOX 841803 DALLAS TX 75284-1803	7014 0510 0001 0742 8510
DAVID PETROLEUM CORP 116 W FIRST STREET ROSWELL NM 88203	7014 0510 0001 0742 8527
OIL CONSERVATION DIVISION 1220 S ST. FRANCIS DRIVE SANTA FE NM 87505	7014 0510 0001 0742 8534

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

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

- (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. Parkway; Bone Spring #49622
(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: 7/15/14

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.
Focus BDB Federal #1H and Nucleus BGN Federal Com 1H
NM85909 & CA pending for Nucleus BGN Fed Com 1H presently under lease
#NM89049 / 3001539421, 3001539241**

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.