

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTCarlsbad Field Office
OCD ArtesiaFORM 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.***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		5. Lease Serial No. NMNM0437523
2. Name of Operator YATES PETROLEUM CORPORATION-Mail: mmorales@yatespetroleum.com		6. If Indian, Allottee or Tribe Name
3a. Address 105 SOUTH FOURTH STREET ARTESIA, NM 88210		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 575-748-4200		8. Well Name and No. Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached		9. API Well No. Multiple--See Attached
		10. Field and Pool, or Exploratory SAND TANK - BONE SPRING WILDCAT
		11. County or Parish, and State EDDY COUNTY, NM

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 amend Surface lease (CA) commingle approved on 2/2/13 (BLM)and CTB-658 by changing the gas measurement method.

The commingle production will be measured and sold/transferred at the Grateful BOD Fed.#1H battery located at Sec. 13-T18S-R29E, NENE. Please see attach site facility diagram.

Diversified ownership under different CAs. All owners will be notified.(see attach)

Royalty values will not be affected by this commingle.

NM OIL CONSERVATION
ARTESIA DISTRICT

MAR 29 2016

Accepted for record
NMOCD

RECEIVED

14. I hereby certify that the foregoing is true and correct. Electronic Submission #294159 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by DUNCAN WHITLOCK on 09/15/2015 (15DW0098SE)	
Name (Printed/Typed) MIRIAM MORALES	Title PRODUCTION ANALYST
Signature (Electronic Submission)	Date 03/06/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>DUNCAN WHITLOCK</u>	Title <u>TECHNICAL LPET</u>	Date <u>03/24/2016</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 #294159 that would not fit on the form

7. If Unit or CA/Agreement, Name and No., continued

NMNM128652
NMNM129302

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM129302	NMNM0437523	GRATEFUL BOD FEDERAL COM	28-015-38518-00-S1	Sec 13 T18S R29E SENE 1650FNL 330FEL
NMNM128652	NMNM0437523	GRATEFUL BOD FEDERAL COM	28-015-38990-00-S1	Sec 13 T18S R29E NENE 786FNL 545FEL

Continuation of Grateful Federal Com #2H amendment surface/lease (CA) commingle

Federal Lease #LC-055830(allocated 50%), NM-0437523(allocated 50%), CA #NM-128652

<u>Well name</u>	<u>Field/Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Grateful BOD Federal Com #1H Sec. 13-T18S-R29E API #30-015-38990 Eddy County, NM	Sand Tank; Bone Spring	42	42	156	1280

Federal Lease #LC-055830(allocated 50%), NM-0437523(allocated 50%),CA #NM-129302

Grateful BOD Federal Com #2H Sec. 13-T18S-R29E API #30-015-38518 Eddy County, NM	Sand Tank; Bone Spring	35	42.2	147	1241
---	---------------------------	----	------	-----	------

Royalty rate for both leases (NMLC-055830 and NMNM-0437523) is the same step rate of 12.5% to 32%

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 Grateful BOD Federal Com #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 shall be included in this application.

Gas Measurement

Total gas production and sales/transferred volumes will be based on measurement at the CDP and allocated back to each well based on EFM daily readings. The Agave's CDP meter #13236 is located at Sec. 13-T18S-R29E, NENE.

The gas from the VRU will be allocationed back to each well based on the daily oil production volumes or that well.

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.

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

JOHN A. YATES
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.
PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

Procedure to verify accuracy of turbine allocation meters:

- 1) After the initial install of the turbine allocation meter, production fluid from the well associated to said meter is flowed through the meter and into a sales tank.
- 2) The sales tank is then gauged and the calculated volume is compared to the metered volume.
- 3) If needed, corrections to the meter's calibration factor are made to ensure that metered volumes correspond to the measured volumes from the gauged tank.
- 4) This process is repeated periodically or as needed, determined from the lease operator's daily comparison of total allocation meter readings to gauged tank volumes.

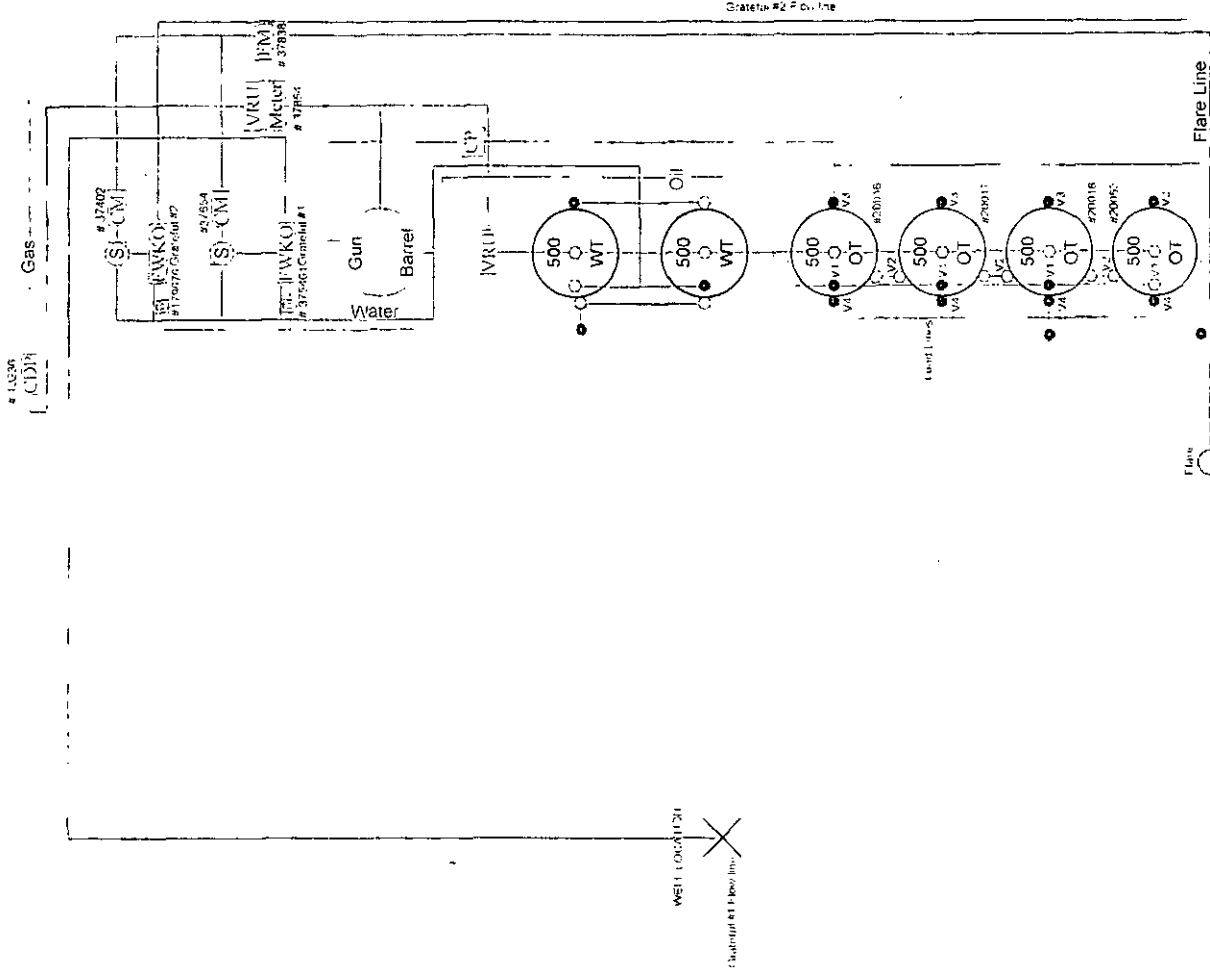
Note: Turbine allocation meters are locked to prevent unwanted tampering of the meter calibration factor.



105 South 4th Street - Artesia, NM 88210
(575) 748-1471
-Keith Hutchens
-November, 2015

Grateful BOD #1H

786' FNL & 545' FEL * Sec 13 - T18S-R29E* Unit A
Eddy County, NM
API - 3001538990

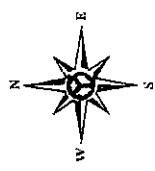


Production Phase:	Sales Phase:
Tank #20016	Tank #20016
Valve 1 Tank Open	Valve 1 Tank Sealed Closed
Valve 2 Tank Open	Valve 2 Tank Sealed Closed
Valve 3 Tank Open	Valve 3 Tank Sealed Closed
Valve 4 Tank Sealed Closed	Valve 4 Tank Sealed Closed
Tank #20017	Tank #20017
Valve 1 Tank Sealed Closed	Valve 1 Tank Open
Valve 2 Tank Open	Valve 2 Tank Open
Valve 3 Tank Sealed Closed	Valve 3 Tank Open
Valve 4 Tank Sealed Closed	Valve 4 Tank Sealed Closed
Tank #20018	Tank #20018
Valve 1 Tank Sealed Closed	Valve 1 Tank Sealed Closed
Valve 2 Tank Sealed Closed	Valve 2 Tank Open
Valve 3 Tank Sealed Closed	Valve 3 Tank Sealed Closed
Valve 4 Tank Sealed Closed	Valve 4 Tank Sealed Closed
Tank #20053	Tank #20053
Valve 1 Tank Sealed Closed	Valve 1 Tank Sealed Closed
Valve 2 Tank Sealed Closed	Valve 2 Tank Sealed Closed
Valve 3 Tank Sealed Closed	Valve 3 Tank Sealed Closed
Valve 4 Tank Sealed Closed	Valve 4 Tank Sealed Closed

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



YATES PETROLEUM CORPORATION
 105 NORTH FORKITE (781) 744-1171
 ARTERIA, NEW MEXICO 86210



LEGEND

- OIL WELL PROPOSED
- ☼ GAS WELL
- OIL WELL
- GPS ROADS
- flow lines
- lease boundaries
- CA boundaries

NM STATE

US BUREAU OF LAND MANAGEMENT

DRAWN BY: JAH

DATE DRAWN: 09-19-14

COUNTY:

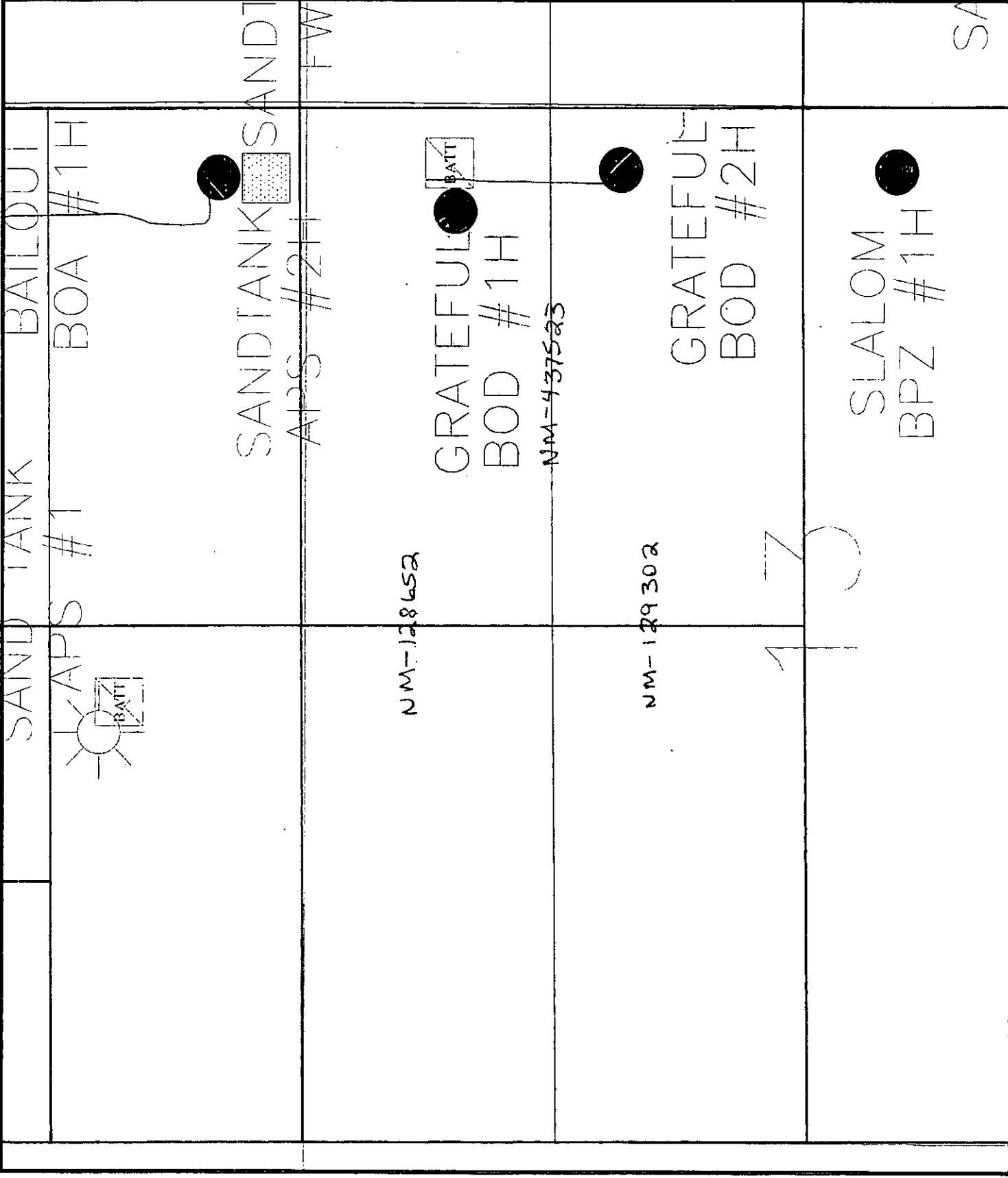
STATE: NEW MEXICO

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 FROM PETROLEUM CORPORATION YATES. PETROLEUM CORPORATION DOES NOT GUARANTEE THE ACCURACY OF THIS MAP OR INFORMATION DELINEATED THEREON. YATES PETROLEUM CORPORATION ASSUMES NO 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.



NMLC 0040

NMLC 0055374



Grateful BOD #1H

NMNM 00

NMNM 0055830

Grateful BOD #2H

NMNM 0050429B

NMNM 0437523

NMNM 0437522

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 11/17/15 09:56 AM

Page 1 of 3

01 02-25-1920;041STAT0437;30USC226

Total Acres

Serial Number

Case Type 311111: O&G LSE NONCOMP PUB LAND

160.000

NMLC-- 0 055830

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED Case File Juris:

Serial Number: NMLC-- 0 055830

Name & Address			Int Rel	%Interest
ABO PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	LESSEE	10.556670000
DOOLEY FLORENCE M	PO BOX G	ARTESIA NM 88210	LESSEE	2.083330000
ENERVEST ENE INSTNL FUND XI-A	1001 FANNIN ST STE 800	HOUSTON TX 770026707	OPERATING RIGHTS	0.000000000
ENERVEST ENE INSTNL FUND XI-WI	1001 FANNIN ST STE 800	HOUSTON TX 770026707	OPERATING RIGHTS	0.000000000
JALAPENO CORP	PO BOX 1608	ALBUQUERQUE NM 87103	OPERATING RIGHTS	0.000000000
JALAPENO CORP	PO BOX 1608	ALBUQUERQUE NM 87103	LESSEE	0.592480000
MARIGOLD LLLP	PO BOX 1290	ARTESIA NM 882111290	LESSEE	1.319166600
MRC DELAWARE RESOURCES LLC	5400 LYNDON B JOHNSON FWY, STE 1500	DALLAS TX 752401000	LESSEE	2.259140000
OXY Y-1 COMPANY	PO BOX 27570	HOUSTON TX 772277570	OPERATING RIGHTS	0.000000000
OXY Y-1 COMPANY	PO BOX 27570	HOUSTON TX 772277570	LESSEE	10.556670000
PERKINS TERENCE P	7501 LYNWOOD NW	ALBUQUERQUE NM 87120	LESSEE	2.083330000
SANTO LEGADO LLLP	PO BOX 1020	ARTESIA NM 882111020	LESSEE	1.319166700
SHARBRO ENERGY LLC	PO BOX 840	ARTESIA NM 882110840	LESSEE	34.638120000
TEXAS REEXPLORATION LTD 01	3025 MAXROY	HOUSTON TX 77008	OPERATING RIGHTS	0.000000000
TRUST Q PEGGY A YATES DEC	105 S 4TH ST	ARTESIA NM 882102177	LESSEE	1.978750000
TULIPAN LLC	PO BOX 1020	ARTESIA NM 882111020	LESSEE	1.319166700
WILLIAM P DOOLEY EST	PO BOX G	ARTESIA NM 88210	LESSEE	0.833340000
YATES ENERGY CORP	PO BOX 2323	ROSWELL NM 882022323	LESSEE	1.105880000
YATES INDUSTRIES LLC	PO BOX 1091	ARTESIA NM 882111091	LESSEE	11.546040000
YATES JOHN A	105 S 4TH ST	ARTESIA NM 88210	LESSEE	1.978750000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	LESSEE	15.830000000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS	0.000000000

Serial Number: NMLC-- 0 055830

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0180S	0290E	013	ALIQ	NE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMLC-- 0 055830

Act Date	Code	Action	Action Remarks	Pending Office
04/27/1938	124	APLN RECD		
10/31/1939	237	LEASE ISSUED		
10/31/1939	496	FUND CODE	05;145003	
10/31/1939	533	RLTY STEP 12.5-32%		
10/31/1939	868	EFFECTIVE DATE		
02/18/1944	500	GEOGRAPHIC NAME	LOCO HILLS FLD;	
02/18/1944	512	KMA EXPANDED		
02/18/1944	650	HELD BY PROD - ACTUAL		
02/18/1944	658	MEMO OF 1ST PROD-ACTUAL		
04/15/1944	315	RENTAL RATE DET/ADJ	\$1.00;	
11/19/1956	102	NOTICE SENT-PROD STATUS		
07/01/1963	232	LEASE COMMITTED TO UNIT	NMNM71060X;W LOCO HIL	
02/19/1982	940	NAME CHANGE RECOGNIZED	CORONADO/CIBOLA ENE	
08/27/1986	140	ASGN FILED	H YATES/YATES ENE	

**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: 11/17/15 09:54 AM

Page 1 of 4

01 02-25-1920;041STAT0437;30USC226

Case Type 311111: O&G LSE NONCOMP PUB LAND

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED Case File Juris:

Total Acres

434.460

Serial Number

NMNM-- 0 437523

Serial Number: NMNM-- 0 437523

Name & Address			Int Rel	%Interest
ABO PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	LESSEE	10.556670000
DOOLEY FLORENCE M	PO BOX G	ARTESIA NM 88210	LESSEE	2.083330000
EOG RESOURCES INC	PO BOX 2267	MIDLAND TX 79702	OPERATING RIGHTS	0.000000000
EOG RESOURCES INC	PO BOX 4362	HOUSTON TX 772104362	OPERATING RIGHTS	0.000000000
JALAPENO CORP	PO BOX 1608	ALBUQUERQUE NM 87103	OPERATING RIGHTS	0.000000000
JALAPENO CORP	PO BOX 1608	ALBUQUERQUE NM 87103	LESSEE	0.949570000
LOGRO CORP	BOX 261324	PLANO TX 75026	OPERATING RIGHTS	0.000000000
MARIGOLD LLLP	PO BOX 1290	ARTESIA NM 882111290	LESSEE	1.319166600
MRC DELAWARE RESOURCES LLC	5400 LYNDON B JOHNSON FWY, STE 1500	DALLAS TX 752401000	LESSEE	2.259140000
NEARBURG EXPL CO LLC	3300 N A ST #120	MIDLAND TX 79705	OPERATING RIGHTS	0.000000000
OXY Y-1 COMPANY	PO BOX 27570	HOUSTON TX 772277570	LESSEE	10.556670000
PERKINS TERENCE P	7501 LYNWOOD NW	ALBUQUERQUE NM 87120	LESSEE	2.083330000
SANTO LEGADO LLLP	PO BOX 1020	ARTESIA NM 882111020	LESSEE	1.319166700
SHARBRO ENERGY LLC	PO BOX 840	ARTESIA NM 882110840	LESSEE	34.638120000
TRUST Q PEGGY A YATES DEC	105 S 4TH ST	ARTESIA NM 882102177	LESSEE	1.978750000
TULIPAN LLC	PO BOX 1020	ARTESIA NM 882111020	LESSEE	1.319166700
WILLIAM P DOOLEY EST	PO BOX G	ARTESIA NM 88210	LESSEE	0.833340000
YATES ENERGY CORP	PO BOX 2323	ROSWELL NM 882022323	LESSEE	0.748790000
YATES INDUSTRIES LLC	PO BOX 1091	ARTESIA NM 882111091	LESSEE	11.546040000
YATES JOHN A	105 S 4TH ST	ARTESIA NM 88210	LESSEE	1.978750000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	LESSEE	15.830000000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS	0.000000000

Serial Number: NMNM-- 0 437523

Mer Twp	Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0180S	0290E	013	ALIQ	NW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0180S	0290E	024	ALIQ	N2NE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0180S	0290E	025	ALIQ	S2NE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0180S	0300E	018	LOTS	3-4;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0180S	0300E	019	LOTS	1;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- 0 437523

Act Date	Code	Action	Action Remarks	Pending Office
08/31/1940	387	CASE ESTABLISHED		
09/01/1940	496	FUND CODE	05;145003	
09/01/1940	533	RLTY STEP 12.5-32%		
09/01/1940	868	EFFECTIVE DATE		
10/10/1960	058	NOTICE SENT-NONPROD STAT		
07/01/1963	209	CASE CREATED BY SEGR	OUT OF NMLC055374;	
07/01/1963	648	EXT BY PROD ON ASSOC LSE	NMLC055374;	
02/19/1982	940	NAME CHANGE RECOGNIZED	CORONADO/CIBOLA ENE	
09/10/1982	500	GEOGRAPHIC NAME	ARTESIA MALJAMAR FLD;	
09/10/1982	510	KMA CLASSIFIED		
04/04/1983	315	RENTAL RATE DET/ADJ	\$2.00;	
07/05/1984	111	RENTAL RECEIVED	\$0;84-85	

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Serial Register Page

[Click here to see on map](#)

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

Run Time 10:05 AM

Page 1 of 2

Run Date: 09/18/2014

01 02-25-1920;041STAT0437;30USC181

Total Acres

Serial Number

Case Type 318310: O&G COMMUNITIZATION AGRMT

160.000

NMNM-- 128652

Commodity 410: NATURAL GAS LC

Case Disposition: AUTHORIZED

Serial Number: NMNM-- 128652

Name & Address	Int Ref	% Intere
BLM CARLSBAD FO YATES PETRO CORP	CARLSBAD NM 88220 ARTESIA NM 88210	OFFICE OF RECORD OPERATOR
620 E GREENE ST 105 S 4TH ST		0.000000000 100.000000000

Serial Number: NMNM-- 128652

Nbr	Type	Rng	Pgs	Styl	SNr	Sub	Division	Distric	Field Office	County	Mount Agency
23	01805	02996	011	AKO		N210		CARLSBAD FIELD OFFICE		EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- 128652

Act Date	Code	Action	Action Remar	Pending Office
09/18/2014	01	ACT. ESTABLISHED	ACT. ESTABLISHED	
09/18/2014	01	ACT. ESTABLISHED	ACT. ESTABLISHED	
09/18/2014	01	ACT. ESTABLISHED	ACT. ESTABLISHED	
09/18/2014	01	ACT. ESTABLISHED	ACT. ESTABLISHED	
09/18/2014	01	ACT. ESTABLISHED	ACT. ESTABLISHED	
09/18/2014	01	ACT. ESTABLISHED	ACT. ESTABLISHED	

Serial Number: NMNM-- 128652

Line Nbr	Remarks
1	ACT. ESTABLISHED
2	ACT. ESTABLISHED
3	ACT. ESTABLISHED
4	ACT. ESTABLISHED
5	ACT. ESTABLISHED
6	ACT. ESTABLISHED
7	ACT. ESTABLISHED
8	ACT. ESTABLISHED
9	ACT. ESTABLISHED
10	ACT. ESTABLISHED

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MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1996

S.P. YATES
1914-2008



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

JOHN A. YATES
CHAIRMAN OF THE BOARD

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CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

RE: Amend Surface/Lease (CA) Commingle
Grateful BOD Federal Com #2H
Eddy County, NM

Dear interest owner,

Yates Petroleum is notifying you of an application to amend Surface/Lease commingle on the following wells:

Federal Lease #LC-055830, NM-437523, CA #NM-128652

<u>Well name</u>	<u>Field/Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Grateful BOD Federal Com #1H	Sand Tank;	42	42	156	1280
Sec. 13-T18S-R29E	Bone Spring				
API #30-015-38990					
Eddy County, NM					

CA #NM-129302

Grateful BOD Federal Com #2H	Sand Tank;	35	42.2	147	1241
Sec. 13-T18S-R29E	Bone Spring				
API #30-015-38518					
Eddy County, NM					

The battery is located at the Grateful #1H.
Diversified ownership under different Com Agreements.

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 Grateful BOD Federal Com #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 shall be included in this application.

Gas Measurement

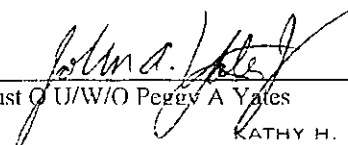
Total gas production and sales/transferred volumes will be based on measurement at the CDP and allocated back to each well based on EFM daily readings. The Agave's CDP meter #13236 is located at Sec. 13-T18S-R29E, NENE.

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 should have any questions, please give me a call at (575) 748-4200 (direct line).

Sincerely,
Miriam Morales
Production Analyst

I hereby approve this application


Trust O U/W/O Peggy A Yates

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

LIST OF OWNERS WITH CERTIFIED LETTER NUMBER

WILLS ROYALTY INC P O BOX 1658 CARLSBAD, NM 88221-1658	7014 0510 0001 0742 5267
ELYSE SANDERS PATTERSON TRUST INVESTMENTS LLC C/O FARMERS NATIONAL CO., AGENT P O BOX 3480 OMAHA, NE 68103-0480	7014 0510 0001 0742 5274
SUE SANDERS GRAHAM ESTATE P O BOX 1835 ROSWELL, NM 88202-1835	7014 0510 0001 0742 5281
THE TOLES COMPANY P O BOX 1300 ROSWELL, NM 88202-1300	7014 0510 0001 0742 5298
RUBIE CROSBY BELL FAMILY LP #1 1331 THIRD STREET NEW ORLEANS, LA 70130-5743	7014 0510 0001 0742 5304
STANLEY W CROSBY III P O BOX 2346 ROSWELL, NM 88202-2346	7014 0510 0001 0742 5311
LORETTA J MOORE 901 WASHINGTON RYAN, OK 73565-9514	7014 0510 0001 0742 5328
LAVERNE SHORT ESTATE C/O THOMAS SHORT 1806 MARGARET LN KINGSVILLE, TX 78363-2803	7014 0510 0001 0742 5335
MARSHA DOLINSKY 14805 MOCKINGBIRD DR GERMANTOWN, MD 20874	7014 0510 0001 0742 5342
PHILLIPS FAMILY REV TRUST OF 2005 5019 PHEASANT CREST RD EDMOND, OK 73034	7014 0510 0001 0742 5359
EVELYN DEE SANDERSON 614 E WASHINGTON ST WALTERS, OK 73572	7014 0510 0001 0742 5366
KATHRYN A SMITH 15503 E 42ND TERRACE INDEPENDENCE, MO 64055	7014 0510 0001 0742 5373
MARTHA I GAITHER 3827 SIOUX AVE KINGMAN, AZ 86401-7353	7014 0510 0001 0742 5380
ANNETTE KIRK PASCO 16601 GARFIELD SPACE 312 PARAMOUNT, CA 90723	7014 0510 0001 0742 5014

LIST OF OWNERS WITH CERTIFIED LETTER NUMBER

FRANCES J DAY C/O ANGELA LONG P O BOX 334 NEW CANEY, TX 77357	7014 0510 0001 0742 9654
BOBBY LEE CARRELL 19951 MONDAY HARGROVE NEW CANEY, TX 77357	7014 0510 0001 0742 9661
ANGELA LONG P O BOX 334 NEW CANEY, TX 77357	7014 0510 0001 0742 9678
KATHLEEN FOX 3744 BRANDYWINE LN KELLER, TX 76244-8194	7014 0510 0001 0742 9685
SUE LAFETT DAY 1705 JENNIFER HOUSTON, TX 77029	7014 0510 0001 0742 9692
MARY D DUGGAN 3320 AVENUE J BAY CITY, TX 77414-7211	7014 0510 0001 0742 9708
TERENCE P PERKINS 304 S AVENUE F PORTALES, NM 88130-6226	7014 0510 0001 0742 9715
PAUL SLAYTON P O BOX 2035 ROSWELL, NM 88202-2035	7014 0510 0001 0742 9722
EI PASO NATIONAL BANK GLORIA WOLCOTT TRUST C/O GAYLE SMITH 9430 MANOR DR LA MESA, CA 91942	7014 0510 0001 0742 9739
LAURA S SCHMIDHAMMER 3159 FRENCH HILL DR POWHATAN, VA 23139	7014 0510 0001 0742 9746
CAROLE J BRANDON 10660 SECOND ST SANTEE, CA 92071	7014 0510 0001 0742 9753
RICHARD WOLCOTT 8141 CALLE FANITA SANTEE, CA 92071	7014 0510 0001 0742 9760
GAYLE WOLCOTT SMITH 9430 MANOR DR LA MESA, CA 91942	7014 0510 0001 0742 9777

LIST OF OWNERS WITH CERTIFIED LETTER NUMBER

SHARBRO ENERGY LLC P O BOX 840 ARTESIA, NM 88211-0840	7014 0510 0001 0742 9784
YATES INDUSTRIES LLC P O BOX 1091 ARTESIA, NM 88211-1091	7014 0510 0001 0742 9791
SANTO LEGADO LLLP P O BOX 1020 ARTESIA, NM 88211-1020	7014 0510 0001 0742 9807
MARIGOLD LLLP P O BOX 1290 ARTESIA, NM 88211-1290	7014 0510 0001 0742 9814
TULIPAN LLC 105 S FOURTH ST ARTESIA, NM 88210	7014 0510 0001 0742 9821
MULBERRY PARTNERS II, LLP P O BOX 1290 ARTESIA, NM 88211-1290	7014 0510 0001 0742 9838
PEYTON YATES 105 S FOURTH ST ARTESIA, NM 88210	7014 0510 0001 0742 9845
RICHARD YATES 428 SANDOVAL SANTA FE, NM 87501	7014 0510 0001 0742 9852
HARVEY E YATES COMPANY SUNWEST CENTRE P O BOX 1933 ROSWELL, NM 88201	7014 0510 0001 0742 9869
JALAPENO CORPORATION P O BOX 1608 ALBUQUERQUE, NM 87103-1608	7014 0510 0001 0742 9876
YATES ENERGY CORPORATION P O BOX 2323 ROSWELL, NM 88202-2323	7014 0510 0001 0742 9883
PAULA DOOLEY C/O WILLIAM P DOOLEY ESTATE 1006 S SECOND ST ARTESIA, NM 88210	7014 0510 0001 0742 9890
PATRICK DOOLEY C/O FLORENCE M DOOLEY ESTATE 1006 S SECOND ST ARTESIA, NM 88210	7014 0510 0001 0742 9906
OIL CONSERVATION DIVISION 1220 S SAINT FRANCIS DRIVE SANTA FE, NM 87505	7014 0510 0001 0743 8939

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

JOHN A. YATES
CHAIRMAN OF THE BOARD

JOHN A. YATES JR.
PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

JORGE S. MENDOZA
CHIEF ADMINISTRATIVE OFFICER

March 6, 2015

RE: Amend Surface/Lease (CA) Commingle
Grateful BOD Federal Com #2H
Eddy County, NM

Dear interest owner,

Yates Petroleum is requesting approval from the Bureau of Land Management and Oil Conservation Division to amend Surface/Lease Commingle by changing the gas measurement method on the following wells:

Federal Lease #LC-055830, NM-437523, CA #NM-128652

Well name	Field/Pool	BOPD	Gravity	MCFPD	BTU
Grateful BOD Federal Com #1H	Sand Tank;	42	42	156	1280
Sec. 13-T18S-R29E	Bone Spring				
API #30-015-38990					
Eddy County, NM					

CA #NM-129302

Grateful BOD Federal Com #2H	Sand Tank;	35	42.2	147	1241
Sec. 13-T18S-R29E	Bone Spring				
API #30-015-38518					
Eddy County, NM					

The battery is located at the Grateful #1H.
Diversified ownership under different Com Agreements.

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 Grateful BOD Federal Com #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 shall be included in this application.

Gas Measurement

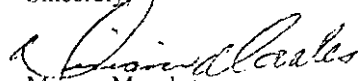
Total gas production and sales/transferred volumes will be based on measurement at the CDP and allocated back to each well based on EFM daily readings. The Agave's CDP meter #13236 is located at Sec. 13-T18S-R29E, NENE.

The purpose of the Surface/lease Commingle of production is in the interest of conservation, the reduction of economic 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 objection must be filed in writing with the Oil Conservation Division in Santa Fe within 20 days from the date the division receives the application. Application will be sent in conjunction with notification to owners.

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

Sincerely,


Miriam Morales
Production Analyst

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

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.

Miriam Morales

Print or Type Name

Signature

Production Analyst

Title

Date

mmorales@vatespetroleum.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. CTB-658
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. Sand Tank; Bone Spring 96832
(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: 

TITLE: Production Analyst

DATE:

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**

**Grateful BOD Federal Com 1H & 2H,
3001538990, 3001538518
Leases: NM0437523, NMLC055830, CA: NM128652 & NM129302**

**Yates Petroleum Corporation
March 24, 2016**

**Condition of Approval
Pool surface Commingling of lease production**

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.