



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

0437523 NM 129302

Federal Lease #LC-055830, NM-437523, CA #not available

| <u>Well name</u>  | <u>Field/Pool</u>         | <u>BOPD</u> | <u>Gravity</u> | <u>MCFPD</u> | <u>BTU</u> |
|---|---------------------------|-------------|----------------|--------------|------------|
| Grateful BOD Federal Com #2H<br>Sec. 13-T18S-R29E<br>API #30-015-38518<br>Eddy County, NM | Sand Tank;<br>Bone Spring | 242         | 42.2           | 150          | 1241       |

The battery is located at the Grateful #1H. Please see attached site security diagram.

Diversified ownership under different CAs. All owners have been notified. (see attached)

**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.

**Gas Measurement**

Yates is requesting alternate gas measurement using a subtraction method. The production/sales from the Grateful #1 shall be the difference between the volume recorded at the Agave sales meter and the volume recorded at the Grateful #2 EFM meter. The sales meter is Agave's meter #13236 located at Sec. 13-T18S-R29E.

The purpose of the Surface/lease Commingle of production is in the interest of conservation, economic feasibility, the reduction of environmental impact area, and 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. This will greatly increase costs and shorten the economic life of the 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

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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  
August 2012

# Grateful BOD #1H Battery

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

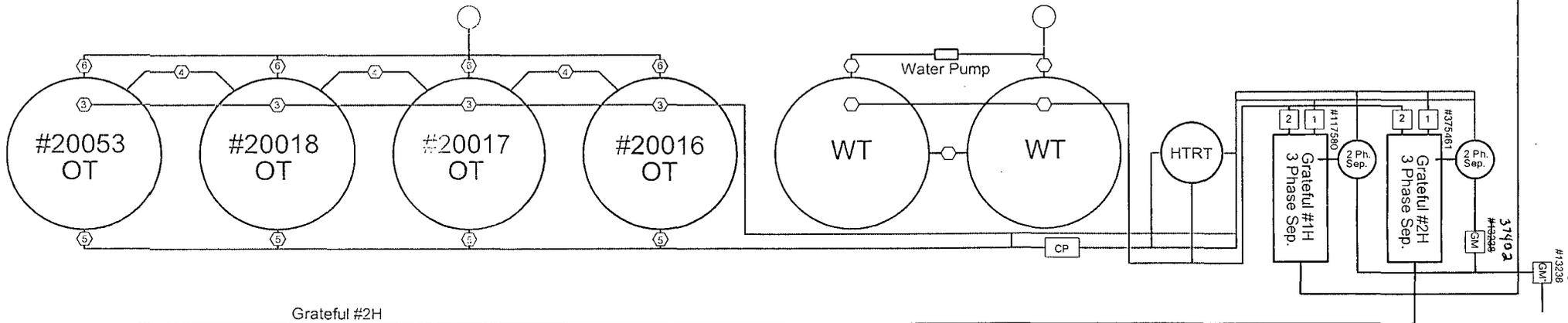
Grateful #1H



| OT #20053                | OT #20018                | OT #20017                | OT #20016                |
|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Production Phase:</b> | <b>Production Phase:</b> | <b>Production Phase:</b> | <b>Production Phase:</b> |
| 3- Open                  | 3- Open                  | 3- Open                  | 3- Open                  |
| 4- Sealed Closed         | 4- Sealed Closed         | 4- Sealed Closed         | 4- Sealed Closed         |
| 5- Sealed Closed         | 5- Sealed Closed         | 5- Sealed Closed         | 5- Sealed Closed         |
| 6- Sealed Closed         | 6- Sealed Closed         | 6- Sealed Closed         | 6- Sealed Closed         |
| <b>Sales Phase:</b>      | <b>Sales Phase:</b>      | <b>Sales Phase:</b>      | <b>Sales Phase:</b>      |
| 3- Sealed Closed         | 3- Sealed Closed         | 3- Sealed Closed         | 3- Sealed Closed         |
| 4- Sealed Closed         | 4- Sealed Closed         | 4- Sealed Closed         | 4- Sealed Closed         |
| 5- Sealed Closed         | 5- Sealed Closed         | 5- Sealed Closed         | 5- Sealed Closed         |
| 6- Open                  | 6- Open                  | 6- Open                  | 6- Open                  |

**Legend**

- 1- Turbine Allocation Meter (oil)
- 2- Turbine Allocation Meter (water)
- 3- Fill Line
- 4- EQ Line
- 5- Circ Line
- 6- Load Line
- GM- Gas Meter
- CP- Circulating Pump
- \*- Sales Point
- Oil Line
- Gas Line
- Water Line

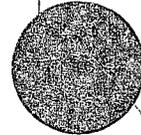
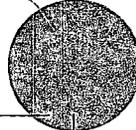


This diagram is subject to the Yates Petroleum Corporation August 1983 Security Plan which is on file at 105 South 4th Street, Artesia, NM.

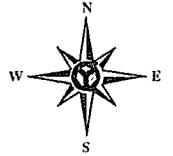
Flow line Map

GRATEFUL  
BOD #1H

GRATEFUL  
BOD #2H



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



**LEGEND**

- GPS ROADS
- ☀ GAS WELL PROPOSED
- OIL WELL PROPOSED
- OIL WELL
- ☑ BATTERY
- FLOW LINE YATES

DRAWN BY: JAH  
 DATE DRAWN: 08-10-12  
 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  
 PETROLEUM CORPORATION FROM  
 AVAILABLE INFORMATION. YATES  
 PETROLEUM CORPORATION DOES NOT  
 GUARANTEE THE ACCURACY OF THIS  
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 NOR DOES YATES PETROLEUM  
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 FROM YATES PETROLEUM  
 CORPORATION OR ITS AFFILIATES.

MARTIN YATES, III  
1912-1985

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1936-1996

S. P. YATES  
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JORGE S. MENDOZA  
CHIEF ADMINISTRATIVE OFFICER

September 6, 2012

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

Dear interest owner,

Yates Petroleum is notifying you of a 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<br>Sec. 13-T18S-R29E<br>API #30-015-38990<br>Eddy County, NM | Sand Tank;<br>Bone Spring | 275         | 42             | 668          | 1280       |

**Federal Lease #LC-055830, NM-437523, CA #not available**

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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.

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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

  
ABO Petroleum Corporation

KATHY H. PORTER  
SECRETARY

DENNIS G. KINSEY  
TREASURER

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Sincerely,

Miriam Morales  
Production Analyst

I hereby approve this application

Yates Petroleum Corporation

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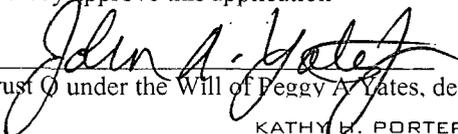
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Sincerely,

Miriam Morales  
Production Analyst

I hereby approve this application

  
Trustee under the Will of Peggy A. Yates, deceased

KATHY H. PORTER  
SECRETARY

DENNIS G. KINSEY  
TREASURER

WILLS ROYALTY INC  
P O BOX 1658  
CARLSBAD, NM 88221-1658

EVELYN DEE SANDERSON  
614 E WASHINGTON ST  
WALTERS, OK 73572

TERENCE P PERKINS  
304 S AVENUE F  
PORTALES, NM 88130-6226

ELYSE SANDERS PATTERSON  
TRUST INVESTMENTS LLC  
C/O FARMERS NATIONAL CO., AGENT  
P O BOX 3430  
OMAHA, NE 68103-0480

KATHRYN A SMITH  
15503 E 42<sup>ND</sup> TERRACE  
INDEPENDENCE, MO 64055

PAUL SLAYTON  
P O BOX 2035  
ROSWELL, NM 88202-2035

SUE SANDERS GRAHAM ESTATE  
P O BOX 1835  
ROSWELL, NM 88202-1835

MARTHA I GAITHER  
3827 SIOUX AVE  
KINGMAN, AZ 86401-7353

EI PASO NATIONAL BANK  
GLORIA WOLCOTT TRUST  
C/O GAYLE SMITH  
9430 MANOR DR  
LA MESA, CA 91942

THE TOLES COMPANY  
P O BOX 1300  
ROSWELL, NM 88202-1300

ANNETTE KIRK PASCO  
16601 GARFIELD SPACE 312  
PARAMOUNT, CA 90723

LAURA S SCHMIDHAMMER  
3159 FRENCH HILL DR  
POWHATAN, VA 23139

RUBIE CROSBY BELL FAMILY LP #1  
1331 THIRD STREET  
NEW ORLEANS, LA 70130-5743

FRANCES J DAY  
C/O ANGELA LONG  
P O BOX 334  
NEW CANEY, TX 77357

CAROLE J BRANDON  
10660 SECOND ST  
SANTEE, CA 92071

STANLEY W CROSBY III  
P O BOX 2346  
ROSWELL, NM 88202-2346

BOBBY LEE CARRELL  
19951 MONDAY HARGROVE  
NEW CANEY, TX 77357

RICHARD WOLCOTT  
8141 CALLE FANITA  
SANTEE, CA 92071

LORETTA J MOORE  
901 WASHINGTON  
RYAN, OK 73565-9514

ANGELA LONG  
P O BOX 334  
NEW CANEY, TX 77357

GAYLE WOLCOTT SMITH  
9430 MANOR DR  
LA MESA, CA 91942

LAVERNE SHORT ESTATE  
C/O THOMAS SHORT  
1806 MARGARET LN  
KINGSVILLE, TX 78363-2803

KATHLEEN FOX  
3744 BRANDYWINE LN  
KELLER, TX 76244-8194

SHARBRO ENERGY LLC  
P O BOX 840  
ARTESIA, NM 88211-0840

MARSHA DOLINSKY  
14805 MOCKINGBIRD DR  
GERMANTOWN, MD 20874

SUE LAFETT DAY  
1705 JENNIFER  
HOUSTON, TX 77029

YATES INDUSTRIES LLC  
P O BOX 1091  
ARTESIA, NM 88211-1091

PHILLIPS FAMILY REVOCABLE TRUST  
OF 2005  
5019 PHEASANT CREST RD  
EDMOND, OK 73034

MARY D DUGGAN  
3320 AVENUE J  
BAY CITY, TX 77414-7211

SANTO LEGADO LLLP  
P O BOX 1020  
ARTESIA, NM 88211-1020

MARIGOLD LLLP  
P O BOX 1290  
ARTESIA, NM 88211-1290

OIL CONSERVATION DIVISION  
1220 S SAINT FRANCIS DRIVE  
SANTA FE, NM 87505

TULIPAN LLC  
105 S FOURTH ST  
ARTESIA, NM 88210

OXY Y-1 COMPANY  
P.O. BOX 841803  
DALLAS, TX 75284-1803

MULBERRY PARTNERS II, LLP  
P O BOX 1290  
ARTESIA, NM 88211-1290

PEYTON YATES  
105 S FOURTH ST  
ARTESIA, NM 88210

RICHARD YATES  
428 SANDOVAL  
SANTA FE, NM 87501

HARVEY E YATES COMPANY  
SUNWEST CENTRE  
P O BOX 1933  
ROSWELL, NM 88201

JALAPENO CORPORATION  
P O BOX 1608  
ALBUQUERQUE, NM 87103-1608

YATES ENERGY CORPORATION  
P O BOX 2323  
ROSWELL, NM 88202-2323

PAULA DOOLEY  
C/O WILLIAM P DOOLEY ESTATE  
1006 S SECOND ST  
ARTESIA, NM 88210

PATRICK DOOLEY  
C/O FLORENCE M DOOLEY ESTATE  
1006 S SECOND ST  
ARTESIA, NM 88210

**Bureau of Land Management  
Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220  
575-234-5972**

**Yates Petroleum Corporation  
Grateful BOD Federal Com 1H & 2H  
February 2, 2013**

**Condition of Approval  
Commingle on and off lease**

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. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
7. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
8. 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.
9. This agency shall be notified of any change in sales method or location of sales point.
10. Additional wells and/or leases require additional commingling approvals.

**The public's interest in all these leases/CAs has been found to be identical at 12.5%-32%. Therefore, this commingle is being approved. This does not mean that the allocation of production to each lease will be 100% accurate each month. By approving this request it will only guarantee that the public's interest will not be compromised.**