

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.***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. NMLC062376
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	3b. Phone No. (include area code) Ph: 575-748-4200 HOBBS OOD	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 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

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 Surface Commingling
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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.)

Filing application due to diversified ownership (W/OR) under OCD regulations.
Not considered surface commingle under BLM definitions.

Yates Petroleum respectfully requests approval to surface lease commingle oil and gas production for the Antweil ANU Fed #3H and Antweil ANU Fed #4H.

The commingled production will be measured and sold/transferred at the Antweil ANU Fed #4H battery located at Sec. 29-T19-S-R30E, SWSW.

Please see site security diagram and other documentaion attach. All owners will be notified.

Royalty values will not be affected by this commingle.

Accepted for record
OCD NMOC 9/24/15

NM OIL CONSERVATION
ARTESIA DISTRICT

SEP 24 2015

RECEIVED

WELLS ON THE SAME LEASE APPROVE AS PER NMOC Requirements

14. Thereby certify that the foregoing is true and correct.	
Electronic Submission #296248 verified by the BLM Well Information System For YATES PETROLEUM CORPORATION, sent to the Carlsbad Committed to AFMSS for processing by MARISSA KLEIN on 06/09/2015 (15MGK0002SE)	
Name (Printed/Typed) MIRIAM MORALES	Title PRODUCTION ANALYST
Signature (Electronic Submission)	Date 03/25/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>J. D. W. K. H. H. H. H.</i>	Title <i>LLET</i>	Date <i>9/15/15</i>
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 <i>CF</i>

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 ****

Continuation of Antweil ANU Fed #3H surface lease commingle

Federal Lease #NMLC062376

<u>Well name</u>	<u>Field/Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Antweil ANU Federal #3H Sec. 19-T19S-R30E API #30-015-40523 Eddy County, NM	Turkey Track; Bone Spring #60660	512	39	514	1274
Antweil ANU Federal #4H Sec. 29-T19S-R30E API #30-015-40426 Eddy County, NM	Parkway; Bone Spring #49622	167	40.8	492	1256

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 Antweil ANU Federal #4H. 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 #14202 is located at Sec. 29-T19S-R30E, SWSW.

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.

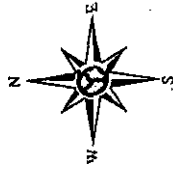


105 South 4th Street • Artesia, NM 88210
(505) 748-1471

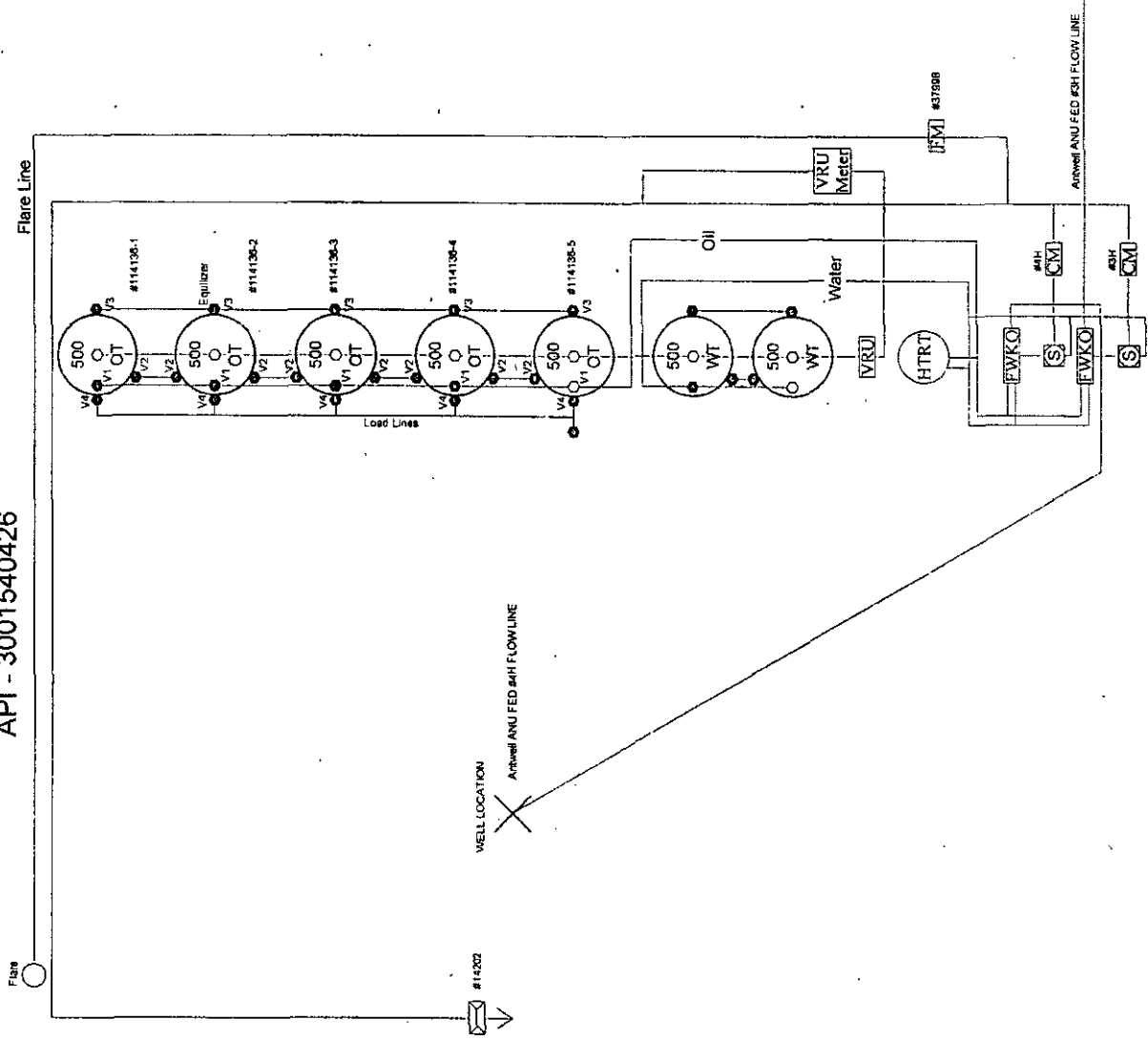
-Keith Hutchens
-March, 2015

Antweil ANU Federal #4H

860' FSL & 660' FWL • Sec 29 - T19S-R30E* Unit M
Eddy County, NM
API - 3001540426



- = Valve Closed
- = Valve Open
- FM = Meter House
- FM = Flow Meter
- FWKO = Free Water Knock Out
- S = Separator
- CM = Check Meter
- VRU = Vapor Recovery Unit
- HTRT = Heater Treater



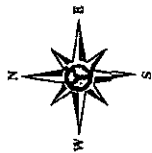
Production Phase:

Tank #114136-1	Tank #114136-2	Tank #114136-3	Tank #114136-4	Tank #114136-5
Valve 1 Tank Sealed Closed	Valve 1 Tank Open	Valve 1 Tank Sealed Closed	Valve 1 Tank Sealed Closed	Valve 1 Tank Sealed Closed
Valve 2 Tank Sealed Closed	Valve 2 Tank Open	Valve 2 Tank Open	Valve 2 Tank Sealed Closed	Valve 2 Tank Sealed Closed
Valve 3 Tank Sealed Closed	Valve 3 Tank Open	Valve 3 Tank Sealed Closed	Valve 3 Tank Sealed Closed	Valve 3 Tank Sealed Closed
Valve 4 Tank Sealed Closed	Valve 4 Tank Sealed Closed	Valve 4 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



148 SOUTH FORTWORTH (591) 484-1471
ANTWERP, NEW MEXICO 86710



LEGEND

GPS ROADS

- GAS WELL PROPOSED
- OIL WELL PROPOSED
- GAS WELL
- OIL WELL
- SALT WATER DISPOSAL

—least boundaries
—flow lines

NM STATE

US BUREAU OF LAND MANAGEMENT

DRAWN BY: JAH

DATE DRAWN: 03-23-15

COUNTY:

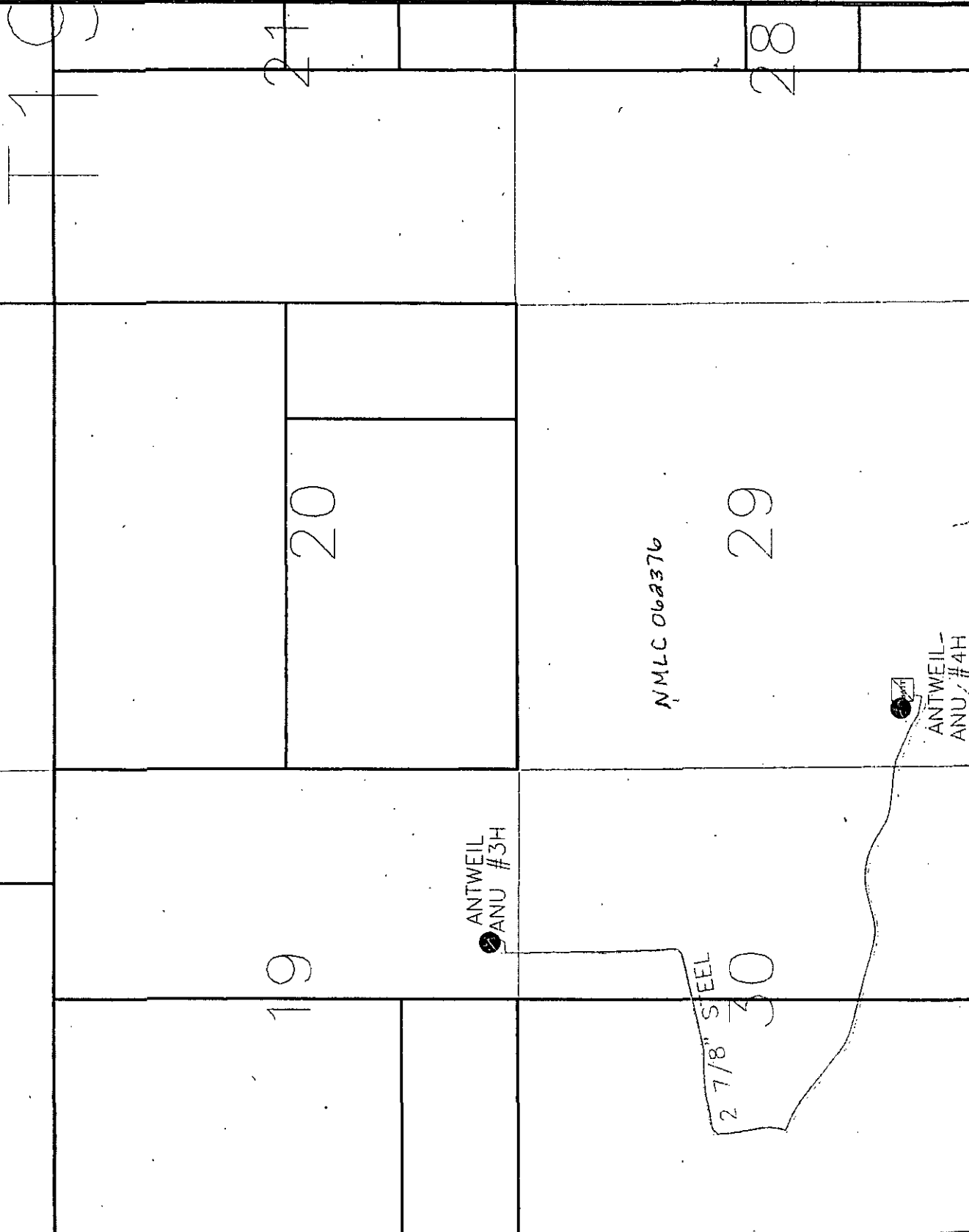
STATE: NEW MEXICO

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. YATES
PETROLEUM CORPORATION DOES NOT
GUARANTEE THE ACCURACY OF THIS
MAP OR INFORMATION DELINEATED
THEREON.
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.



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 Commingle
Antweil ANU Federal #3H
Eddy County, NM

Dear interest owner,

Yates Petroleum is notifying you of an application to Surface Lease Commingle oil and gas production for the following wells:

Federal Lease #NMLC062376

<u>Well name</u>	<u>Field/Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
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The commingle production will be measured and sold/transferred at the Antweil ANU Fed #4H battery located at Sec. 29-T19S-R30E, SWSW. Diversified ownership.

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 Antweil ANU Federal #4H. 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.

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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 #14202 is located at Sec. 29-T19S-R30E, SWSW.

The purpose of the Surface/lease Commingle of production is in the interest of conservation, the reduction of environmental 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

Yates Petroleum Corporation

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

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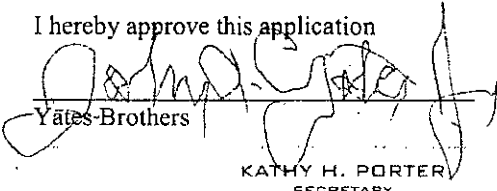
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Miriam Morales
Production Analyst

I hereby approve this application

Sharbro Energy, LLC

KATHY H. PORTER
SECRETARY

DENNIS G. KINSEY
TREASURER

LIST OF OWNERS WITH CERTIFIED LETTER NUMBER

KANSAS UNIVERSITY ENDOWMENT ASSOCIATION P O BOX 928 LAWRENCE, KS 6604	7014 0510 0001 0743 8946
FIRST PRESBYTERIAN CHURCH FOUNDATION 1100 SOUTH HARRISON STREET AMARILLO, TX 79101	7014 0510 0001 0743 8953
FIRST PRESBYTERIAN CHURCH FOUNDATION 201 SOUTH 11TH STREET JUNCTION, TX 76849	7014 0510 0001 0743 8960
FIRST PRESBYTERIAN CHURCH FOUNDATION 400 WEST THIRD STREET ROSWELL, NM 88201	7014 0510 0001 0743 8977
ZPZ DELAWARE 1 LLC C/O APACHE CORPORATION P O BOX 840133 DALLAS, TX 75284-0133	7014 0510 0001 0743 8984
COG OPERATING LLC P O BOX 844857 DALLAS, TX 75284-4857	7014 0510 0001 0743 8991
CONCHO OIL & GAS LLC P O BOX 849929 DALLAS, TX 75284-9929	7014 0510 0001 0743 9004
CARLSBAD NATIONAL BANK, TRUSTEE OF THE WILL OF NELLE G SCHEURICH P O BOX 1359 CARLSBAD, NM 88220	7014 0510 0001 0743 9011
HARVEY E YATES COMPANY P O BOX 1933 ROSWELL, NM 88201	7014 0510 0001 0743 9028
JALAPENO CORPORATION P O BOX 1608 ALBUQUERQUE, NM 87103-1608	7014 0510 0001 0743 9035
OXY Y-1 COMPANY P O BOX 841803 DALLAS, TX 75284-1803	7014 0510 0001 0743 9042

LIST OF OWNERS WITH CERTIFIED LETTER NUMBER

YATES INDUSTRIES LLC P O BOX 1091 ARTESIA, NM 88211-1091	7014 0510 0001 0743 9059
YATES ENERGY CORPORATION P O BOX 2323 ROSWELL, NM 88202-2323	7014 0510 0001 0743 9066
DILLARD MCHORN LLC ATTN: HARVEY CROWLEY 4400 ALAMEDA BLVD NE, SUITE E ALBUQUERQUE, NM 87113	7014 0510 0001 0743 9073
JACKSON THIES C/O ANNETTE THIES 4412 CANYON COUT NE ALBUQUERQUE, NM 87111	7014 0510 0001 0743 9080
SEA BEE LLC ATTN: CLIFF E BLAUGRUND #20 FIRST PLAZA NW, SUITE 306 ALBUQUERQUE, NM 87102	7014 0510 0001 0743 9097
EMPIRE LAND GROUP ATTN: SEAN MILKS, PRESIDENT P O BOX 44817 RIO RANCHO, NM 87174	7014 0510 0001 0743 9103
OCD 1220 S SAINT FRANCIS DRIVE SANTA FE, NM 87505	7014 0510 0001 0743 9110

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CHIEF FINANCIAL OFFICER

JAMES S. BROWN
CHIEF OPERATING OFFICER

March 26, 2015

RE: Surface Lease Commingle
Antweil ANU Federal #3H
Eddy County, NM

Dear interest owner,

Yates Petroleum is requesting approval from the Oil Conservation Division to Surface Lease Commingle oil and gas production for the following wells:

Federal Lease #NMLC062376

<u>Well name</u>	<u>Field/Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
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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@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 Commingling)

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. Turkey Track; Bone Spring #60660 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: _____ TITLE: Production Analyst _____ DATE: _____

TYPE OR PRINT NAME Miriam Morales _____ TELEPHONE NO.: (575) 748-1471 _____

E-MAIL ADDRESS: mmorales@yatespetroleum.com _____