

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
Budget Bureau No. 1004-0135
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT--" for such proposals5 Lease Designation and Serial No
NM-105213

ACCEPTED FOR RECORD

SUBMIT IN TRIPLICATE

6 If Indian, Allottee or Tribe Name

7 If Unit or CA, Agreement Designation SEP 29 2008

1 Type of Well

Oil Gas
☒ Well ☐ Well ☐ Other

SEP 26 2008

8 Well Name and No

Jester BFJ Federal #1
Gerry Guye, Deputy Field Inspector
NMOC District II ARTESIA

2 Name of Operator

Yates Petroleum Corporation

9 API Well No

30-015-34275

3 Address and Telephone No

105 South Fourth Street, Artesia, NM 88210 (505) 7481471

10 Field and Pool, or Exploratory Area

Pierce Crossing/Bone Spring
Cedar Canyon/Delaware

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)

630' FSL & 2310' FWL Section 12-T24S-R29E (Unit N, SESW)

11 County or Parish, State

Eddy County, NM

12 CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐
- Notice of Intent
-
- ☒
- Subsequent Report
-
- ☐
- Final Abandonment Notice

TYPE OF ACTION

- ☐
- Abandonment
-
- ☐
- Recompletion
-
- ☐
- Plugging Back
-
- ☐
- Casing Repair
-
- ☐
- Altering Casing
-
- ☒
- Other Surface Pool / Lease Commingle

Gas Only (Addition to Previously submitted sundry
dated August 22, 2007)

- ☐
- Change of Plans
-
- ☐
- New Construction
-
- ☐
- Non-Routine Fracturing-
-
- ☐
- Water Shut-Off
-
- ☐
- Conversion to Injection
-
- ☐
- Dispose Water

(Note: Report results of multiple completion on Well
completion or Recompletion Report and Log Form)

13 Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)*

Yates Petroleum Corporation respectfully request administrative approval to Surface Pool / Lease Commingle Gas Only the following wells.

| Federal | Federal | Federal | State | State | State |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Corral Draw AQH Federal #1 | Corral Draw AQH Federal #2 | Jester BFJ Federal #1 | Ohkay BHH State #1 | Wyatt BHT State #1 | Doc BHU State #1 |
| Sec 13-T24S-R29E | Sec 13-T24S-R29E | Sec 12-T24S-29E | Sec 6-T25S-R30E | Sec 6-T25S-R30E | Sec 5-T25S-R30E |
| Pierce Crossing/Bone Spring | Pierce Crossing/Bone Spring | Pierce Crossing/Bone Spring | Nash Draw/Delaware | Pierce Crossing/Bone Spring | Pierce Crossing/Bone Spring |
| Cedar Canyon/Delaware | Cedar Canyon/Delaware | Cedar Canyon/Delaware | Pierce Crossing/Bone Spring | Nash Draw / Delaware | Corral Canyon/Delaware |
| Eddy County, NM | Eddy County, NM | Eddy County, NM | Eddy County, NM | Eddy County, NM | Eddy County, NM |
| Federal Lease # NM-88136 | Federal Lease # NM-88136 | Federal Lease # NM-10521 | State Lease # VO-6711 | State Lease # VO-6699 | State Lease # VO-6670 |
| API# 30-015-29396 | API# 30-015-34257 | API# 30-015-34275 | API# 30-015-34551 | API# 30-015-34553 | API# 30-015-34552 |

We are adding the two highlighted wells to the Jester BFJ Federal #1 CDP which was originally submitted on Aug 22, 2007 and approved by the Bureau of Land Management on Aug 30, 2007

The CDP is located at the Jester BFJ Federal #1 Please see attached plat and site facility diagram

Diversified ownership by percentages Owners were notified verbally All in house subsidiaries

The production from the Corral Draw AQH Federal #1, Corral AQH Federal #2, Ohkay BHH State #1, Jester BFJ Federal #1, Wyatt BHT State #1, and for the Doc BHU State #1 is measured on lease and the sales point at a meter located on the Jester BFJ Federal #1 630' FSL 2310' FWL Sec 12-T24S-R29E Unit N

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. Estimated daily gas production for the Corral Draw AQH Federal #1 is 90 mcf, Corral Draw AQH Federal #2 is 100 mcf, Jester BFJ Federal #1 is 100 mcf, Wyatt BHT State #1 is 400 mcf, Doc BHU State #1 is 400 mcf, and for the Ohkay BHH State #1 is 120 mcf

The purpose of the Surface Pool / Lease Commingle is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to built separate facilities for each well. This will greatly increase costs and shorten the economic life of the well

The proposed commingling is necessary for economic operation of the above referenced leases

We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so

14 I hereby certify that the foregoing is true and correct

Signed

Title Production Secretary

Date May 27, 2008

(This space for Federal or State office use)

Approved by

Title

PETROLEUM ENGINEER

Date

SEP 21 2008

Conditions of approval, if any

Title 18 U.S.C. Section 1001, makes 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

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220-6292
(505) 234-5972**

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions Of Approval**

1. This agency be notified of any change in your sales method or location of the sales meter.
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 is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. 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 to the BLM Carlsbad Field office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292 for wells in Eddy or Lea County if you have not already done so.