

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 proposals

5. Lease Designation and Serial No  
NM-105211

6 If Indian Allottee or Tribe Name

SUBMIT IN TRIPLICATE

7 If Unit or CA Agreement Designation

1 Type of Well

Oil ☐ Gas ☐  
☒ Well ☐ Well ☐ Other

DEC - 2 2008

OCD-ARTESIA

2 Name of Operator

Yates Petroleum Corporation

8 Well Name and No

Pequeno Mike BLU Federal #1H

3. Address and Telephone No

105 South Fourth Street, Artesia, NM 88210 (575) 7481471

9. API Well No

30-015-36390

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

10 Field and Pool, or Exploratory Area

County Line Tank Wolfcamp

11. County or Parish, State

Eddy County, NM

200' FSL & 200' FWL Section 2-T16S-R29E SWSW Unit M SHL

950' FSL & 330' FWL Section 3-T16S-R29E SWSW Unit M BHL

12 CHECK APPROPRIATE BOX(s) 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 Lease Commingle

- ☐ 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 Lease Commingle the following wells.

Please see attachment

The Battery is located at the Big Miguel BKN State Com #1. Please see attached plat and site facility diagram

Diversified ownership.

Oil measurement.

The Pequeno Mike BLU Federal #1H shall be equipped with a continuous metering separator located on the Big Miguel BKN State Com #1H prior to oil being commingled for sales. A subtraction method of measurement will be used for the Big Miguel BKN State Com #1H for allocation purposes.

Gas measurement.

Each of these wells will be equipped with allocation meters for gas prior to commingling located on the Big Miguel BKN State Com #1H. The gas sales point for this commingled production shall be located near the Big Miguel BKN State Com #1H location.

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 Big Miguel BKN State Com #1 is 100 mcf, and 60 barrels of oil and the estimated gas production for the Pequeno Mike BLU Federal #1H is 200 mcf per day and 300 barrels per day.

The purpose of the 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 build 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

*Mahe Rego*

Title Production Secretary

Date November 10, 2008

(This space for Federal or State office use)

Approved by

Title

Date

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

<b>APPROVED</b>
NOV 28 2008
JAMES A. AMOS SUPERVISOR-EPS

\* Subject to like approval from OCD  
\* Subject to requirements onshore orders, CFE's, NTL's

**Federal**

Pequeno Mike BLU Federal #01H  
Sec 2-T16S-R29E  
County Line Tank/Wolfcamp(not yet completed)  
Eddy County, NM  
Federal Lease #NM-105211  
API# 30-015-36390

**State**

Big Miguel BKN State Com #01H  
Sec 2-T16S-R29E  
County Line Tank/Wolfcamp  
Eddy County, NM  
State Lease # B-2885  
API# 30-015-36027