

**APPLICATION FOR SURFACE COMMINGLE, OFF LEASE MEASUREMENT,
SALES & STORAGE**

State of New Mexico – Santa Fe
Oil Conservation Division
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Bureau Of Land Management
620 E Greene Street
Carlsbad, NM 88220-6292

Off Lease Measurement proposal for Rangers Federal leases:

Mack Energy Corporation is requesting approval for Off Lease Measurement, Sales from the following well:

Federal Lease NMNM121480

Well Name	Location	API #	Pool 44500	BOPD	Oil Gravity	Mcfpd	BTU
Rangers Federal #1	Sec 1-T18S-32E	30-025-40180	Young;Bone Spring,North	6	35.8	11	1.2593

Federal Lease NMNM40456

Well Name	Location	API #	Pool 44500	BOPD	Oil Gravity	Mcfpd	BTU
Ringtail Federal #1	Sec 1-T18S-32E	30-025-42032	Young;Bone Spring,North	15	38.3	20	1.3333

A map is enclosed showing the Federal leases and well locations in Section 1, T18S, R32E. The gas lines and current meter setting location on DCP Midstream's pipeline Meter(s) #727034-00(Rangers) and #742594-00(Ringtail).

Oil & Gas metering:

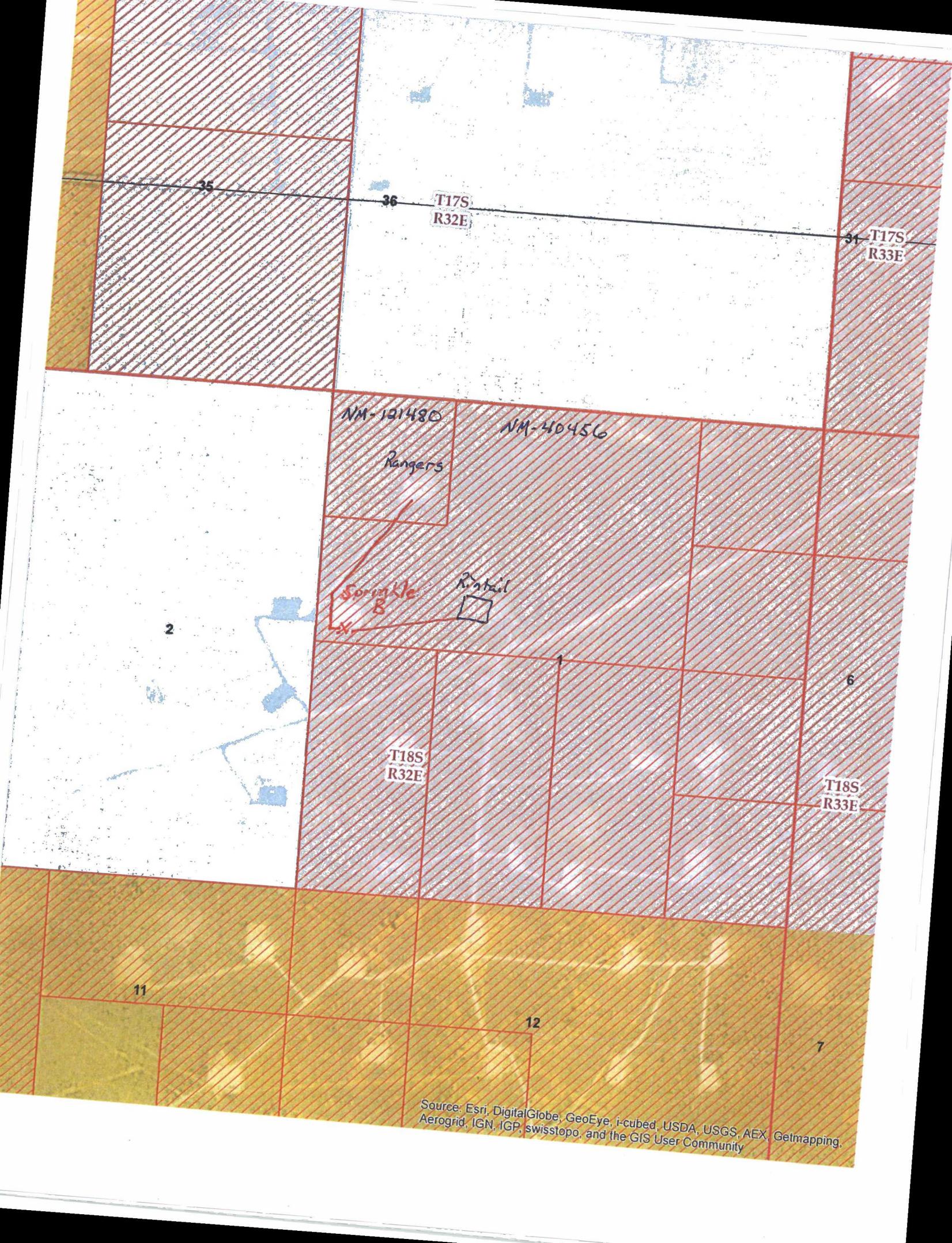
Oil and water volumes for the Rangers Federal #1 will continue to be measured at the Rangers Federal Tank Battery. Oil and gas production for the Ringtail Federal #1 will continue to be measured and the Ringtail Federal Tank Battery. The gas production from both wells will be commingled and sold off lease via pipeline at the Sprinkle B Federal #1 location NMNM40456, thru a common gas meter specifically for the Ringtail and Rangers Leases.

Process and Flow Descriptions:

Please see attached diagram(s) for the current Ringtail and Rangers Federal TB's. The flow of produced fluids is shown in detail along with a description of each vessel. The gas will be piped to the commingled sales meter via pipeline.

Mack Energy Corporation currently has approved ROW for both Gas(Fee surface) and SWD lines.

Signed: _____
Printed Name: Jerry W. Sherrell
Title: Production Clerk
Date:



35

36

T17S
R32E

31

T17S
R33E

NM-101480

NM-40456

Rangers

Sample
8

Retail

2

6

T18S
R32E

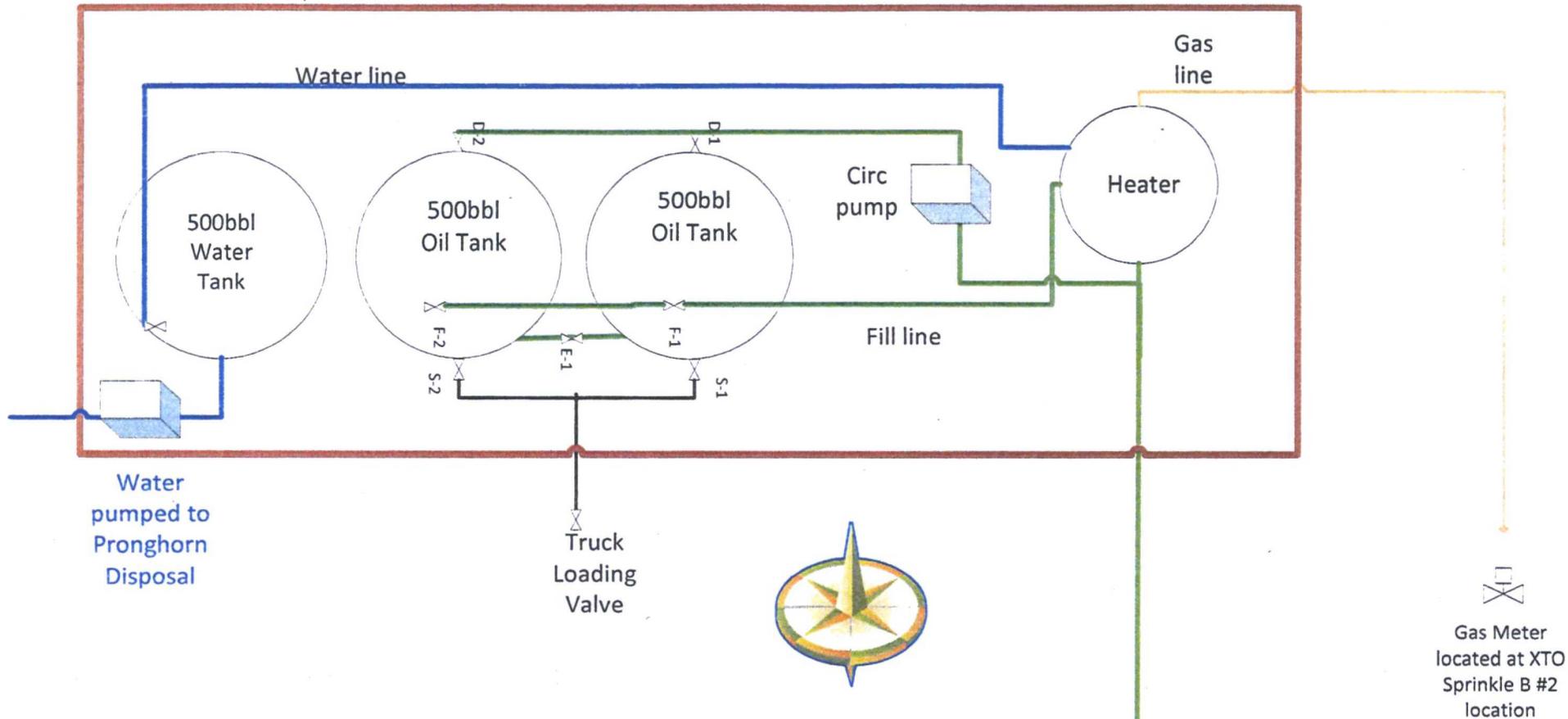
T18S
R33E

11

12

7

Source: Esri, DigitalGlobe, GeoEye, i-cubed, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community



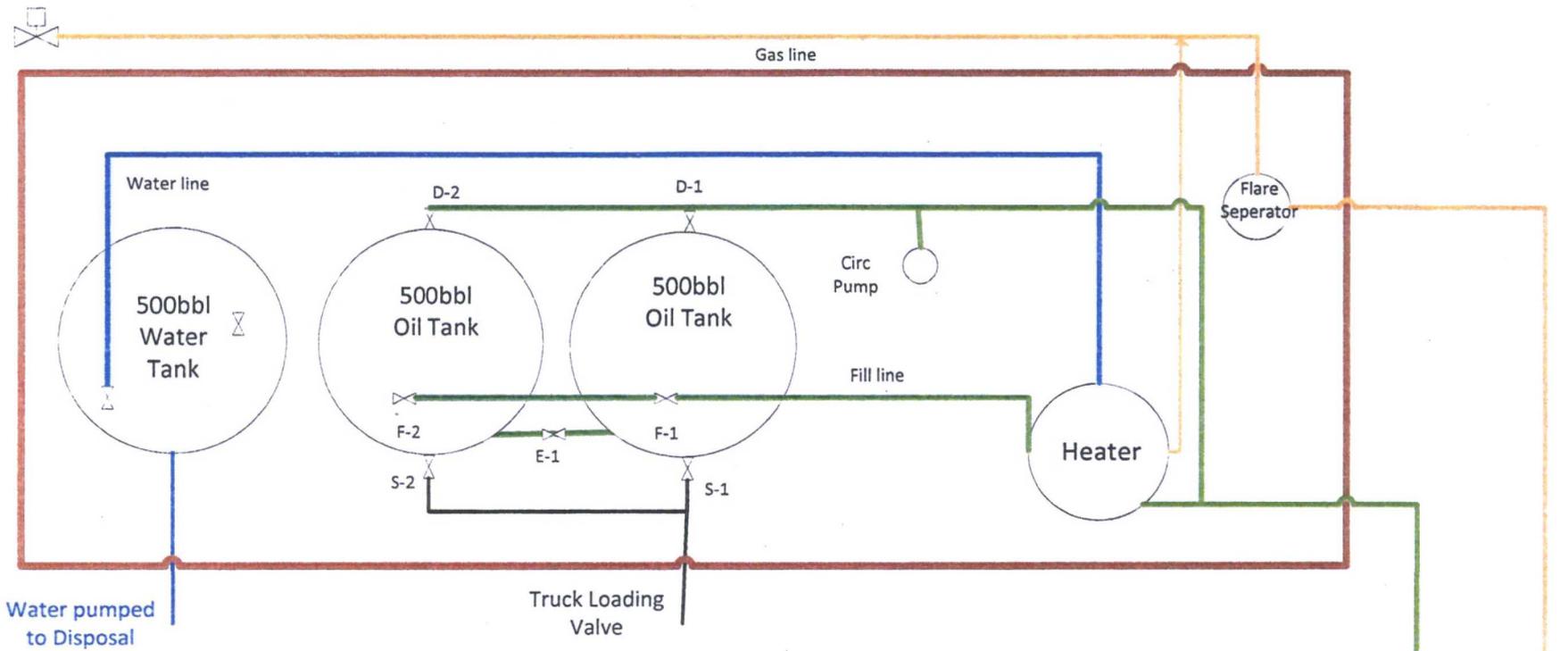
Production Phase		Sales Phase	
Tank 1	Tank 2	Tank 1	Tank 2
F-1 Open	F-1 Closed	F-1 Closed	F-1 open
F-2 Closed	F-2 Open	F-2 Open	F-2 Closed
E-1 Open	E-1 Open	E-1 Closed	E-1 Closed
D-1 Closed	D-1 Closed	D-1 Closed	D-1 Closed
D-2 Closed	D-2 Closed	D-2 Closed	D-2 Closed
S-1 Closed	S-1 Closed	S-1 Open	S-1 Closed
S-2 Closed	S-2 Closed	S-2 Closed	S-2 Open

Rangers Federal #1

Mack Energy Corporation
11344 Lovington Hwy
Artesia, NM 88210

Rangers Federal #1
NWNW Sec. 1 T18S R32E
Lease NMNM121480

Gas Meter located in SWNW Sec. 1 T18S R32E Meter #742594



Ringtail Federal #1
 SENW Sec. 1 T18S R32E
 Lease NMNM40456

Mack Energy Corporation
 11344 Lovington Hwy
 Artesia, NM 88210

Sales Phase		Production Phase	
Tank 1	Tank 2	Tank 1	Tank 2
F-1 Closed	F-1 open	F-1 Open	F-1 Closed
F-2 Open	F-2 Closed	F-2 Closed	F-2 Open
E-1 Closed	E-1 Closed	E-1 Open	E-1 Open
D-1 Closed	D-1 Closed	D-1 Closed	D-1 Closed
D-2 Closed	D-2 Closed	D-2 Closed	D-2 Closed
S-1 Open	S-1 Closed	S-1 Closed	S-1 Closed
S-2 Closed	S-2 Open	S-2 Closed	S-2 Closed

Ringtail Federal #1



Flare

MACK ENERGY CORPORATION

	Monthly Production	Oil Produced	Gas Prod.
Aug-15	Ranger Federal	153	372
Sep-15	Ranger Federal	211	369
Oct-15	Ranger Federal	156	295
Nov-15	Ranger Federal	257	382
Dec-15	Ranger Federal	201	349
Jan-16	Ranger Federal	220	344
Monthly Average		<u>199.6666667</u>	<u>351.8333</u>
Aug-15	Ringtail Federal	936	1258
Sep-15	Ringtail Federal	717	1020
Oct-15	Ringtail Federal	614	879
Nov-15	Ringtail Federal	514	702
Dec-15	Ringtail Federal	455	621
Jan-16	Ringtail Federal	460	621
Monthly Average		<u>616</u>	<u>850.1667</u>

HOBBS OCD

Form C-102

District I
1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
511 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-0720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

AUG 08 2014

Revised August 1, 2011

OIL CONSERVATION DIVISION

Submit one copy to appropriate

1220 South St. Francis Dr.

RECEIVED

District Office

Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-023-42032		² Pool Code 65350		³ Pool Name Young; Bone Spring, North	
⁴ Property Code 313576		⁵ Property Name RINGTAIL FEDERAL			⁶ Well Number 1
⁷ OGRID No. 13837		⁸ Operator Name MACK ENERGY CORPORATION			⁹ Elevation 3909.3

¹⁰ Surface Location

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	I	18 S	32 E		2310	NORTH	1650	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

NOTE:
LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE.

" OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Jerry W. Sherrell 5-2-2014
Signature Date

Jerry W. Sherrell
Printed Name

jerrys@mecc.com
E-mail Address

"SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

APR 23 2014
Date of Survey

Jerry W. Sherrell
Signature and Seal of Professional Surveyor

Certificate Number: TILMONT L. JARVIS, PLS 12797
SURVEY NO. 2672

AUG 08 2014

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

HOBBS OCD

Form C-102

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

JUN 27 2011

Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

RECEIVED

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-40180	Pool/Block Code 6535D	Pool Name Young Bone Springs North
Property Code 38683	Property Name RANGERS FEDERAL	Well Number 1
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3919'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	1	18-S	32-E		990	NORTH	990	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40.07	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4	LOT 3	LOT 2	LOT 1
40 07 AC	40 05 AC	40 03 AC	40 01 AC
<p>DETAIL</p> <p>3921 7' 3921 9'</p> <p>600'</p> <p>600'</p> <p>3913.7' 3915 4'</p>			
<p>GEODETTIC COORDINATES NAD 27 NME</p> <p>Y=648351.0 N X=687049 4 E</p> <p>LAT = 32 780929' N LONG = 103 724728' W</p>			
<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Jerry W. Sherrell</i> 2/24/11 Signature Date</p> <p>Jerry W. Sherrell Printed Name</p>			
<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>DECEMBER 2, 2010</p> <p>Date Surveyed: LA</p> <p>Signature: <i>Gary G. Eidson</i> Professional Surveyor</p> <p>GARY G. EIDSON NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 10-11-1738</p> <p>Certificate No.: Gary G. Eidson 12641 Ronald J. Eidson 3239</p>			

JUN 29 2011

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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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.

Jerry W. Sherrell
Print or Type Name

Jerry W. Sherrell
Signature

Production Clerk
Title

3/7/16
Date

jerrys@mec.com
e-mail Address



P.O. Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 746-9539

March 7, 2016

*Oil Conservation Division
Attn: Michael A. McMillan
1220 S. St. Francis Drive
Santa Fe, NM 87505*

Dear sir or Madam:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval of Surface Commingling of gas production from our Rangers Federal #1 and our Ringtail Federal #1 wells. Currently the gas is measured separately into two meters located at the Sprinkle B Federal #1 location. Oil production will continue to be produced separately at the existing locations. We request commingled gas production at a central sales meter located at the Sprinkle B Federal #1 well be approved. Production has declined to a point where the gas purchaser charges a low volume fee on the individual meters. Combining the gas production will allow Mack Energy to continue to produce economically.

Allocation for gas production will be done using percentages based on production. I have attached the most current (6) months of production. We propose 71/29% split in gas production. 71% allocated to the Ringtail Federal and 29% allocated to the Rangers Federal.

Sincerely,

A handwritten signature in blue ink that reads "Jerry W. Sherrell".

Jerry W. Sherrell
Production Clerk
jerrys@mec.com

JWS/

Enclosures

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., 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 August 1, 2011

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: MACK ENERGY CORPORATION
OPERATOR ADDRESS: PO BOX 960 ARTESIA, NM 88211-0960
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. _____
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. Young;Bone Spring, North 65350
(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) Percentage based on Production.

(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: Jerry W. Sherrell TITLE: PRODUCTION CLERK DATE: 3-7-2016

TYPE OR PRINT NAME JERRY W. SHERRELL TELEPHONE NO.: 575-748-1288

E-MAIL ADDRESS: jerrys@mec.com



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

Run Time: 03:51 PM
Page 1 of 1

Click here to see on map

Run Date: 02/29/2016

01 12-22-1987;101STAT1330;30USC181 ET SE
Case Type 312021: O&G LSE COMP PD -1987
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

Total Acres 40.070
Serial Number NMNM-- - 121480

Name & Address		Serial Number: NMNM-- - 121480		Int Rel	% Intere
CHASE OIL CORP	PO BOX 1767	ARTESIA NM 88211	OPERATING RIGHTS		0.000000000
CHASE OIL CORP	PO BOX 1767	ARTESIA NM 88211	LESSEE		100.000000000
CHASE ROBERT C	PO BOX 297	ARTESIA NM 88211297	OPERATING RIGHTS		0.000000000
DIAKAN MINERALS LLC	PO BOX 693	ARTESIA NM 882110693	OPERATING RIGHTS		0.000000000
VENTANA MINERALS LLC	PO BOX 359	ARTESIA NM 882110359	OPERATING RIGHTS		0.000000000

Mer Twp	Rng	Sec	STYP	SNr SUFF	Subdivision	District/Field Office	County	Mgmt Agency
23	0180S	0320E	001	LOTS	4	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 121480

Act Date	Code	Action	Action Remar	Pending Office		
09/04/2008	387	CASE ESTABLISHED	200810013;		2008	09 04
10/07/2008	299	PROTEST FILED	WILD EARTH GUARD		2008	10 07
10/07/2008	299	PROTEST FILED	WSTRN ENVIR LAW CNTR		2008	10 07
10/22/2008	143	BONUS BID PAYMENT RECD	\$82.00;		2008	10 22
10/22/2008	191	SALE HELD			2008	10 22
10/22/2008	267	BID RECEIVED	\$32800.00;		2008	10 22
10/28/2008	143	BONUS BID PAYMENT RECD	\$32718.00;		2008	10 28
12/10/2008	298	PROTEST DISMISSED	WILD EARTH GUARD		2008	12 10
12/22/2008	237	LEASE ISSUED			2008	12 22
12/22/2008	974	AUTOMATED RECORD VERIF	LBO		2008	12 22
12/30/2008	298	PROTEST DISMISSED	WSTRN ENVIR LAW CNTR		2008	12 30
01/01/2009	530	RENTAL PAID 01/01/2013			2009	01 01
01/01/2009	868	EFFECTIVE DATE			2009	01 01
01/02/2009	496	FUND CODE	05;145003		2009	01 02
01/21/2013	643	PRODUCTION DETERMINATION	/1/		2013	01 21
01/21/2013	650	HELD BY PROD - ACTUAL	/1/		2013	01 21
02/27/2013	932	TRF OPER RGTS FILED	CHASE OIL/CHASE ETA;1		2013	02 27
04/09/2013	658	MEMO OF 1ST PROD-ACTUAL	/1/#1 RANGERS FED;		2013	04 09
05/10/2013	933	TRF OPER RGTS APPROVED	EFF 03/01/2013;		2013	05 10
05/10/2013	974	AUTOMATED RECORD VERIF	DME		2013	05 10

Serial Number: NMNM-- - 121480

Line Nr	Remarks	
0002	STIPULATIONS ATTACHED TO LEASE:	2
0003	NM-11-LN SPECIAL CULTURAL RESOURCE	3
0004	SENM-LN-1 CAVE - KARST OCCURRENCE AREA	4
0005	SENM-LN-2 PROTECTION OF THE SAND DUNE LIZARD	5
0006	SENM-S-17 SLOPES OR FRAGILE SOILS	6
0007	SENM-S-21 CAVES AND KARST	7
0008	SENM-S-22 PRAIRIE CHICKENS	8
0009	SENM-S-23 SAND DUNE LIZARD	9
0010	05/10/2013 RENTAL PAID 01/01/2013 PER CNRR	10

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

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

Run Time: 02:29 PM

Page 1 of 5

Run Date: 03/04/2016

01 02-25-1920;041STAT0437;30USC181ETSEQ

Total Acres
440.080

Serial Number
NMNM-- - 040456

Case Type 311211: O&G LSE SIMO PUBLIC LAND

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Serial Number: NMNM-- - 040456

Name & Address			Int Rel	% Interest
ANDERSON BRUCE	5005 WOODWAY DR STE 300	HOUSTON TX 770561784	OPERATING RIGHTS	0.000000000
ANDERSON OIL LTD	5005 WOODWAY DR STE 300	HOUSTON TX 770561784	OPERATING RIGHTS	0.000000000
BERRY O H	188 1 MARIENFELD	MIDLAND TX 79701	OPERATING RIGHTS	0.000000000
BURLESON LEWIS B	PO BOX 2479	MIDLAND TX 79702	OPERATING RIGHTS	0.000000000
COLKELAN CORP	906 S SAINT FRANCIS DR STE C	SANTA FE NM 875053097	OPERATING RIGHTS	0.000000000
CROSS TIMBERS ENERGY LLC	400 W 7TH ST	FORT WORTH TX 761024701	OPERATING RIGHTS	0.000000000
DUGAN THOMAS A	PO BOX 420	FARMINGTON NM 874990420	OPERATING RIGHTS	0.000000000
EXPLORERS PETRO CORP	PO BOX 1933	ROSWELL NM 882021933	OPERATING RIGHTS	0.000000000
HARDEN JAMES L III	PO BOX 281089	LAKEWOOD CO 802288089	OPERATING RIGHTS	0.000000000
HERBALY EXPLORATION LLC	1420 W CANAL CT STE 150	LITTLETON CO 801205660	OPERATING RIGHTS	0.000000000
HEYCO DEVELOPMENT CORP	PO BOX 1933	ROSWELL NM 882011933	OPERATING RIGHTS	0.000000000
HUFF JACK	BOX 50190	MIDLAND TX 79710	OPERATING RIGHTS	0.000000000
JAMES H YATES INC	906 S ST FRANCIS DR	SANTA FE NM 87501	OPERATING RIGHTS	0.000000000
LAURELINP CORP	BOX 2143	ROSWELL NM 882022143	OPERATING RIGHTS	0.000000000
MRC DELAWARE RESOURCES LLC	5400 LYNDON B JOHNSON FWY, STE 15	DALLAS TX 752401000	OPERATING RIGHTS	0.000000000
NADEL & GUSSMAN CAPITAN LLC	15 E 5TH ST STE 3200	TULSA OK 741034340	OPERATING RIGHTS	0.000000000
OXY Y-1 COMPANY	PO BOX 27570	HOUSTON TX 772277570	OPERATING RIGHTS	0.000000000
PETRO ATLAS CORP	999 18TH ST #2908	DENVER CO 80202	OPERATING RIGHTS	0.000000000
PETROYATES INC	PO BOX 1468	ALBUQUERQUE NM 87103	OPERATING RIGHTS	0.000000000
RHODES CECIL J	511 W TEXAS	MIDLAND TX 79701	OPERATING RIGHTS	0.000000000
RICHARD L PETERSON TRUST	PO BOX 8	DOUGLAS WY 82633	OPERATING RIGHTS	0.000000000
SHARBRO ENERGY LLC	PO BOX 840	ARTESIA NM 882110840	OPERATING RIGHTS	0.000000000
SHARBRO OIL LTD CO	423 W MAIN ST	ARTESIA NM 88210	OPERATING RIGHTS	0.000000000
SHOGOIL & GAS CO II LLC	PO BOX 29450	SANTA FE NM 875929450	OPERATING RIGHTS	0.000000000
SHOGOIL & GAS CO LLC	PO BOX 209	HAY SPRINGS NE 69347	OPERATING RIGHTS	0.000000000
SHOGRIN FRANK L	BOX 229	HYGIENE CO 80533	OPERATING RIGHTS	0.000000000
SPIRAL INC	BOX 1933	ROSWELL NM 882021933	OPERATING RIGHTS	0.000000000
WALKER DANIEL C	6729 GRANTS LN	FORT WORTH TX 77002	OPERATING RIGHTS	0.000000000
WYNN W T	1603 W DENGAR	MIDLAND TX 79705	OPERATING RIGHTS	0.000000000
XTO ENERGY INC	810 HOUSTON ST #2000	FT WORTH TX 761026298	LESSEE	100.000000000
YATES ENERGY CORP	PO BOX 2323	ROSWELL NM 882022323	OPERATING RIGHTS	0.000000000
YATES INDUSTRIES LLC	PO BOX 1091	ARTESIA NM 882111091	OPERATING RIGHTS	0.000000000
YATES MCMINN LTD	PO BOX 2323	ROSWELL NM 882022323	OPERATING RIGHTS	0.000000000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS	0.000000000

Serial Number: NMNM-- - 040456

Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23	0180S	0320E	001	ALIQ	SWNE,S2NW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0180S	0320E	001	LOTS	2,3;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0180S	0320E	012	ALIQ	NE,NENW,SWNW;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 040456

Act Date	Code	Action	Action Remark	Pending Office
09/18/1974	387	CASE ESTABLISHED		
10/01/1974	496	FUND CODE	05;145003	
10/01/1974	530	RLTY RATE - 12 1/2%		

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10/01/1974	868	EFFECTIVE DATE	
01/22/1977	909	BOND ACCEPTED	EFF 01/22/77;ES0022
03/18/1980	209	CASE CREATED BY SEGR	OUT OF MNM22642;
09/20/1982	111	RENTAL RECEIVED	\$0;82-83
09/21/1983	111	RENTAL RECEIVED	\$0;83-84
09/14/1984	111	RENTAL RECEIVED	\$0;84-85
09/30/1984	235	EXTENDED	THRU 09/30/1986;
06/05/1985	500	GEOGRAPHIC NAME	ART-MAL, SHU BEN FLD;
06/05/1985	510	KMA CLASSIFIED	
06/20/1985	111	RENTAL RECEIVED	\$0;85-86
08/13/1985	315	RENTAL RATE DET/ADJ	\$2.00;
08/21/1985	963	CASE MICROFILMED/SCANNED	CNUM 553,445 AC
07/15/1986	817	MERGER RECOGNIZED	CHEVRON USA/GULF OIL
07/15/1986	940	NAME CHANGE RECOGNIZED	GULF OIL/CHEVRON USA
09/25/1986	111	RENTAL RECEIVED	\$0;86-87
09/26/1986	650	HELD BY PROD - ACTUAL	
12/11/1986	932	TRF OPER RGTS FILED	CHEVRON/H E YATES CO
02/04/1987	933	TRF OPER RGTS APPROVED	EFF 01/01/87;
05/28/1987	500	GEOGRAPHIC NAME	NY-Q PLAINS BS FLD;
05/28/1987	512	KMA EXPANDED	
06/12/1987	932	TRF OPER RGTS FILED	YATES CO/LDY CORP ETA
08/31/1987	933	TRF OPER RGTS APPROVED	EFF 07/01/87;
08/31/1987	974	AUTOMATED RECORD VERIF	AR/KG
03/09/1988	932	TRF OPER RGTS FILED	CHEVRON/H E YATES CO
04/25/1988	933	TRF OPER RGTS APPROVED	EFF 04/01/88;
04/25/1988	974	AUTOMATED RECORD VERIF	HKG/JR
11/04/1988	932	TRF OPER RGTS FILED	H YATES CO/B ANDERSON
12/01/1988	933	TRF OPER RGTS APPROVED	EFF 12/01/88;
12/01/1988	974	AUTOMATED RECORD VERIF	TF/MT
02/21/1989	899	TRF OF ORR FILED	
03/03/1989	396	TRF OF INTEREST FILED	M YATES EST/YATES ETA
03/03/1989	974	AUTOMATED RECORD VERIF	DGT/DH
04/04/1989	575	APD FILED	HARVEY E YATES CO CJ
04/27/1989	576	APD APPROVED	CHEVRON 12 FED NO 3
05/30/1989	575	APD FILED	HARVEY E YATES CJ
06/19/1989	576	APD APPROVED	CHEVRON 12 FED NO 4
09/08/1989	575	APD FILED	HARVEY E YATES CJ
09/25/1989	576	APD APPROVED	CHEVRON 12 FED NO 5
11/22/1989	575	APD FILED	HARVEY E. YATES CJ
11/27/1989	576	APD APPROVED	CHEVRON 12 FED NO 6
01/08/1990	932	TRF OPER RGTS FILED	CHEVRON/H E YATES CO
03/10/1990	933	TRF OPER RGTS APPROVED	EFF 02/01/90;
03/10/1990	974	AUTOMATED RECORD VERIF	SSP/BTM
03/12/1990	932	TRF OPER RGTS FILED	(1)CHEVRON/H YATES CO
03/12/1990	932	TRF OPER RGTS FILED	(2)CHEVRON/H YATES CO
04/05/1990	932	TRF OPER RGTS FILED	CHEVRON/H E YATES CO
05/14/1990	899	TRF OF ORR FILED	
05/17/1990	933	TRF OPER RGTS APPROVED	(1)EFF 04/01/90;
05/17/1990	933	TRF OPER RGTS APPROVED	(2)EFF 04/01/90;
05/17/1990	933	TRF OPER RGTS APPROVED	EFF 05/01/90;
05/17/1990	974	AUTOMATED RECORD VERIF	RAO/ML
05/24/1990	899	TRF OF ORR FILED	(1)
05/24/1990	899	TRF OF ORR FILED	(2)
08/03/1990	575	APD FILED	CHEVRON USA INC CE
09/13/1990	576	APD APPROVED	SPRINKLE "B" FED NO 2

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11/01/1990	932	TRF OPER RGTS FILED	(1)HE YATES/EXPLORERS
11/01/1990	932	TRF OPER RGTS FILED	(2)HE YATES/EXPLORERS
11/09/1990	899	TRF OF ORR FILED	
11/13/1990	899	TRF OF ORR FILED	
11/16/1990	932	TRF OPER RGTS FILED	H YATES CO/EXPLORERS
12/19/1990	932	TRF OPER RGTS FILED	H E YATES/EXPLORERS
01/23/1991	933	TRF OPER RGTS APPROVED	EFF 12/01/90;
01/23/1991	974	AUTOMATED RECORD VERIF	CM/JR
01/28/1991	933	TRF OPER RGTS APPROVED	(1)EFF 01/01/91;
01/28/1991	933	TRF OPER RGTS APPROVED	(2)EFF 01/01/91;
01/28/1991	974	AUTOMATED RECORD VERIF	MRR/JR
02/20/1991	933	TRF OPER RGTS APPROVED	EFF 01/01/91;
05/06/1991	932	TRF OPER RGTS FILED	W T WYNN/HEYCO DEV
05/23/1991	932	TRF OPER RGTS FILED	(1)WYNN W T/H E YATES
05/23/1991	932	TRF OPER RGTS FILED	(2)WYNN W T/H E YATES
05/23/1991	932	TRF OPER RGTS FILED	(3)WYNN W T/H E YATES
05/23/1991	932	TRF OPER RGTS FILED	(4)WYNN W T/H E YATES
05/23/1991	932	TRF OPER RGTS FILED	(5)WYNN W T/H E YATES
05/23/1991	932	TRF OPER RGTS FILED	(6)WYNN W T/H E YATES
07/26/1991	933	TRF OPER RGTS APPROVED	(1)EFF 06/01/91;
07/26/1991	933	TRF OPER RGTS APPROVED	(2)EFF 06/01/91;
07/26/1991	933	TRF OPER RGTS APPROVED	(3)EFF 06/01/91;
07/26/1991	933	TRF OPER RGTS APPROVED	(4)EFF 06/01/91;
07/26/1991	933	TRF OPER RGTS APPROVED	(5)EFF 06/01/91;
07/26/1991	933	TRF OPER RGTS APPROVED	(6)EFF 06/01/91;
08/01/1991	933	TRF OPER RGTS APPROVED	EFF 06/01/91;
11/18/1991	932	TRF OPER RGTS FILED	(1)KERR-MCGEE/DUGAN
11/18/1991	932	TRF OPER RGTS FILED	(2)KERR-MCGEE/DUGAN
11/18/1991	932	TRF OPER RGTS FILED	(3)KERR-MCGEE/DUGAN
03/02/1992	933	TRF OPER RGTS APPROVED	(1)EFF 12/01/91;
03/02/1992	933	TRF OPER RGTS APPROVED	(2)EFF 12/01/91;
03/02/1992	933	TRF OPER RGTS APPROVED	(3)EFF 12/01/91;
07/09/1992	974	AUTOMATED RECORD VERIF	AR/JLV
09/17/1993	909	BOND ACCEPTED	EFF 09/07/93;NM2221
01/09/1995	932	TRF OPER RGTS FILED	(1)J RHODES/HORSESHOE
01/09/1995	932	TRF OPER RGTS FILED	(2)J RHODES/HORSESHOE
01/09/1995	932	TRF OPER RGTS FILED	(3)J RHODES/HORSESHOE
01/09/1995	932	TRF OPER RGTS FILED	(4)J RHODES/HORSESHOE
01/09/1995	932	TRF OPER RGTS FILED	(5)J RHODES/HORSESHOE
01/09/1995	932	TRF OPER RGTS FILED	(6)J RHODES/HORSESHOE
04/18/1995	933	TRF OPER RGTS APPROVED	(1)EFF 02/01/95;
04/18/1995	933	TRF OPER RGTS APPROVED	(2)EFF 02/01/95;
04/18/1995	933	TRF OPER RGTS APPROVED	(3)EFF 02/01/95;
04/18/1995	933	TRF OPER RGTS APPROVED	(4)EFF 02/01/95;
04/18/1995	933	TRF OPER RGTS APPROVED	(5)EFF 02/01/95;
04/18/1995	933	TRF OPER RGTS APPROVED	(6)EFF 02/01/95;
04/18/1995	974	AUTOMATED RECORD VERIF	ANN
06/19/1995	932	TRF OPER RGTS FILED	YATES INC/H YATES CO
08/04/1995	933	TRF OPER RGTS APPROVED	EFF 07/01/95;
08/04/1995	974	AUTOMATED RECORD VERIF	MV/MV
08/28/1995	932	TRF OPER RGTS FILED	M YATES EST/SHARBRO
10/05/1995	933	TRF OPER RGTS APPROVED	EFF 09/01/95;
10/05/1995	974	AUTOMATED RECORD VERIF	MV/MV
05/14/1997	140	ASGN FILED	KERR-MCGEE/KERR-MCGEE
07/01/1997	974	AUTOMATED RECORD VERIF	BTM

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07/14/1997	269	ASGN DENIED	KERR-MCGEE/KERR-MCGEE
07/14/1997	974	AUTOMATED RECORD VERIF	LR
11/13/1997	817	MERGER RECOGNIZED	KERR-MCGEE/DEVON ENE
05/03/2002	932	TRF OPER RGTS FILED	BRUCE ANDERSON ESTA;1
07/23/2002	933	TRF OPER RGTS APPROVED	EFF 06/01/02;
07/23/2002	974	AUTOMATED RECORD VERIF	MV
07/24/2003	932	TRF OPER RGTS FILED	F L SHOGRIN/SHOGOIL
08/21/2003	933	TRF OPER RGTS APPROVED	EFF 08/01/03;
08/21/2003	974	AUTOMATED RECORD VERIF	LR
10/14/2003	899	TRF OF ORR FILED	1
12/04/2003	933	TRF OPER RGTS APPROVED	EFF 11/01/03;
12/04/2003	974	AUTOMATED RECORD VERIF	MV
07/16/2004	932	TRF OPER RGTS FILED	L YATES EST/SHARBRO
08/19/2004	933	TRF OPER RGTS APPROVED	EFF 08/01/04;
08/19/2004	974	AUTOMATED RECORD VERIF	MV
08/25/2004	932	TRF OPER RGTS FILED	L YATES EST/SHARBRO
09/10/2004	933	TRF OPER RGTS APPROVED	EFF 09/01/04;
09/10/2004	974	AUTOMATED RECORD VERIF	ANN
09/14/2004	140	ASGN FILED	CHEVRON USA/XTO ENE
10/04/2004	932	TRF OPER RGTS FILED	CHEVRON USA/XTO ENE
10/15/2004	139	ASGN APPROVED	EFF 10/01/04;
10/15/2004	974	AUTOMATED RECORD VERIF	LR
11/23/2004	933	TRF OPER RGTS APPROVED	EFF 11/01/04;
11/23/2004	974	AUTOMATED RECORD VERIF	JLV
12/15/2004	817	MERGER RECOGNIZED	LDY/YATES EXPL CO
12/15/2004	940	NAME CHANGE RECOGNIZED	YATESEXPL/PETROYATES
02/14/2008	899	TRF OF ORR FILED	1
06/18/2008	932	TRF OPER RGTS FILED	HEYCO EMP/NADEL & G;1
06/18/2008	932	TRF OPER RGTS FILED	HEYCO EMP/NADEL & G;2
06/18/2008	932	TRF OPER RGTS FILED	HEYCO EMP/NADEL & G;3
07/30/2008	933	TRF OPER RGTS APPROVED	01 EFF 07/01/08;
07/30/2008	933	TRF OPER RGTS APPROVED	02 EFF 07/01/08;
07/30/2008	933	TRF OPER RGTS APPROVED	03 EFF 07/01/08;
07/30/2008	974	AUTOMATED RECORD VERIF	MV
06/08/2009	932	TRF OPER RGTS FILED	PETRO ATL/HARDEN II;1
08/04/2009	933	TRF OPER RGTS APPROVED	EFF 07/01/09;
08/04/2009	974	AUTOMATED RECORD VERIF	LR
10/29/2010	932	TRF OPER RGTS FILED	RICHARD L/HERBALY E;1
01/31/2011	933	TRF OPER RGTS APPROVED	EFF 11/01/10;
01/31/2011	974	AUTOMATED RECORD VERIF	BTM
05/12/2011	940	NAME CHANGE RECOGNIZED	YATES DRL CO/OXY Y-1
01/05/2012	932	TRF OPER RGTS FILED	SHARBRO O/SHARBRO E;1
05/18/2012	933	TRF OPER RGTS APPROVED	EFF 02/01/12;
05/23/2012	974	AUTOMATED RECORD VERIF	ANN
08/14/2013	932	TRF OPER RGTS FILED	XTO ENERG/CROSS TIM;1
12/31/2013	933	TRF OPER RGTS APPROVED	EFF 09/01/13;
12/31/2013	974	AUTOMATED RECORD VERIF	JA
08/12/2015	817	MERGER RECOGNIZED	H E YATES/MRC DELAWAR

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Line Nr	Remarks
0002	BONDED LESSEE/OPERATORS:
0003	07/30/2008 XTO UTB000138/NW
0004	08/04/2009 - HARVEY E YATES CO - NMB000317 - S/W;
0005	NADEL & GUSSMAN HEYCO LLC - NMB000520 - S/W;
0006	01/31/2011 - XTO UTB000138 - NW

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0007	05/23/2012 NADEL & GUSSMAN HEYCO LLC NMB000520 S/W;
0008	12/31/2013 CROSS TIMBERS ENE LLC NMB001066 N/W

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

Condition of Approval

Surface commingling, off lease/off CA storage measurement and sales.

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.
11. Meter numbers to be submitted via subsequent report when they are known.

Two wells being commingled for gas production only (30-025-40180 & 30-025-42032). The leases involved are NMNM-121480 and NMNM-040456. Both wells are being produced from the Bone Spring North as oil wells. Both wells are 100% Federal with 12.5% royalty rate thus no royalties will be affected.

JAM 020917