

N.M. Oil Cor. Division
1025 N. French Dr.
Hobbs, NM 88240

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Cons.
NW Dist. 2
1901 W. Grand Avenue
Artesia, NM 88210
APPROVED
Bureau Order No. 1004-0135
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

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Gas
☒ Well ☐ Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3. Address and Telephone No.

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

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

1650' FNL & 2310' FWL, Sec. 22 T24S R31E (Unit 4, SENW)

5. Lease Designation and Serial No.
NM-57274

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Haracz AMO Federal #7

9. API Well No.

30-025-33345

10. Field and Pool, or Exploratory Area

Delaware

11. County or Parish, State

Lisa Co., NM
Eddy Co., NM

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 Alternative Method of Measurement

- ☐ 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 approval for Alternative Method of Measurement.

The gas production from the Haracz AMO Federal #7 will be measured on lease NM-#57274.

The gas production from the Haracz Federal #7 will be processed through the Lily Gas System @ Section 2, T24S R31E, SE 1/4, NW 1/4, Eddy County, New Mexico

The alternative method of measurement of production is in the interest of conservation and economic feasibility, and will not result in reduced royalty or improper measurement of production.

1-4. I hereby certify that the foregoing is true and correct

Signed

Shannon Hall
APPROVED

Title Production Secretary

Date July 11, 2002

(This space for Federal or State office use)

Approved by (ORIG. SGD.) DAVID R. GLASS

Date

Conditions of approval, if any:

JUL 24 2002

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.

DAVID R. GLASS
PETROLEUM ENGINEER

*See Instruction on Reverse Side

Bureau of Land Management
Roswell District
2909 West Second Street
Roswell, New Mexico 88201
505-827-0272

Guidelines for Off-Lease Measurement, Storage, and Surface Commingling Approvals

The following information must be included with any application to combine, store, or measure production off-lease:

1. A formal request (Sundry Notice Form 3160-6 or letter) for approval to combine, store, or measure production off-lease with an appropriate explanation and diagram(s) describing the proposed operation in detail.
2. A map showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling, off-lease measurement, and/or storage facility. All lease numbers, unitized or communitized areas, producing zones or pools must be clearly illustrated or detailed by suitable means. Any wells or leases proposed to be added to an approved commingling and off-lease storage and/or measurement facility must be approved by the Authorized Officer prior to their being included in the facility.
3. A schematic diagram which clearly identifies and places all equipment that will be utilized.
4. Estimated monthly production from each contributing well, including type of product, gravity, and/or BTU content.
5. Detailed of the proposed method for measuring and allocating production for each lease involved. Include calculated "beneficial use" volumes both on and off-lease.
6. A statement that all interest owners have been notified of the proposal.
7. Evidence that Federal or Indian royalties will not be reduced through approval of the application.
8. Detailed economic justification, when the application to combine production is based on economic necessity, i.e., that approval is necessary to extend the economic life of the Federal or Indian Lease(s).

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.

9/3/96 -- acs (fn:offlease.01)

*Alt method of measurement —
all off production has to be ^{measured} on lease (not sold)
as per Kathy Heston BLM 7-11-02
Measurement is on lease - selling off lease
show legal on sales notes see attached
Thick as per Kathy 7-11-02*

TOTAL P.02