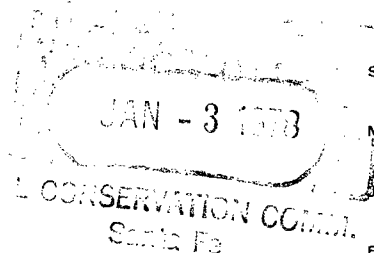




207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 746-3558



S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

December 30, 1977

DHC - 232
Due - 1/23/78

Joe D. Ramey, Secretary Director
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Downhole Commingling
Federal CZ #1, B-8-18S-25E

Dear Sir:

Yates Petroleum Corporation seeks administrative approval to downhole commingle the Richard Knob^{file} Morrow and Eagle Creek ✓ Permo-Penn as provided for in OCC order No. R-5460 dated June 14, 1977. In compliance with Rule 2 of this order, the following information is submitted:

- (a) Operator: Yates Petroleum Corporation, 207 South 4th Street, Artesia, New Mexico.
- (b) Lease: Federal CZ #1, 660/N 1980/E Sec 8-18S-25E.
- (c) Attached: Lease Ownership map showing N/2 dedication and Yates Petroleum Corporation is sole offset operator.
- (d) Attached: Mechanical log of the well
- (e) Attached: Diagrammatic sketch of well with dual packers, one tubing. To commingle, pull X-over tool in upper packer thereby allowing gas from the Morrow and Cisco completions to flow into the same tubing.
- (f) Attached: Decline curves or production history of each zone showing established rates of decline and calculated reserves.
- (g) Formula for allocation of production is based on direct proportion of remaining gas reserves and GOR history.
- (h) Produced fluids are gas and condensate only and, therefore, incompatibility is no problem. However, because of the sensitivity of the Morrow Sands, a standing valve will be installed in the on-off tool at the Morrow packer.

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- (i) Well is on a federal lease and the USGS is notified of this proposal by copy of this application and a sundry report.

Commingleing will enhance the ultimate recovery of hydrocarbons from both zones, thereby conserving a natural resource and will not interfere with the correlative rights of owners since owners of each zone are the same.

Yours very truly,

YATES PETROLEUM CORPORATION



Eddie M. Mahfood
Engineer

EMM/ob
Enclosures

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UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEYSUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)Form approved.
Budget Bureau No. 42-R1424.

5. LEASE DESIGNATION AND SERIAL NO.

NM 0471842

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Federal CZ

9. WELL NO.

1

10. FIELD AND POOL, OR WILDCAT

Richard Knob (AtokaMorrow)

11. SEC., T., R., M., OR BLK. AND
SURVEY OR AREA

Unit B, 8-18S-25E

12. COUNTY OR PARISH 13. STATE

Eddy

NM

1. OIL WELL ☐ GAS WELL ☒ OTHER

2. NAME OF OPERATOR

Yates Petroleum Corporation

3. ADDRESS OF OPERATOR

207 South 4th Street, Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*
See also space 17 below.)
At surface

660/N 1980/E Sec 8-18S-25E

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.)

3612 KB

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

(Other) Downhole commingling

PULL OR ALTER CASING

MULTIPLE COMPLETION

ABANDON*

CHANGE PLANS

X

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

(NOTE: Report results of multiple completion on Well
Completion or Recompletion Report and Log form.)

REPAIRING WELL

ALTERING CASING

ABANDONMENT*

17. 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.)*

We propose to downhole commingle the Richard Knob Atoka Morrow
with the Eagle Creek Permo Penn and to apportion future
production as follows:

Gas-Eagle Creek Permo Penn - 162.6 MM = 0.575
Richard Knob Atoka Morrow - 120.0 MM = 0.425
282.6

Liquids - Eagle Creek Permo Penn - 968b. = .862
Richard Knob Atoka Morrow - 155 b. = .138
1123

18. I hereby certify that the foregoing is true and correct

SIGNED

TITLE Engineer

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

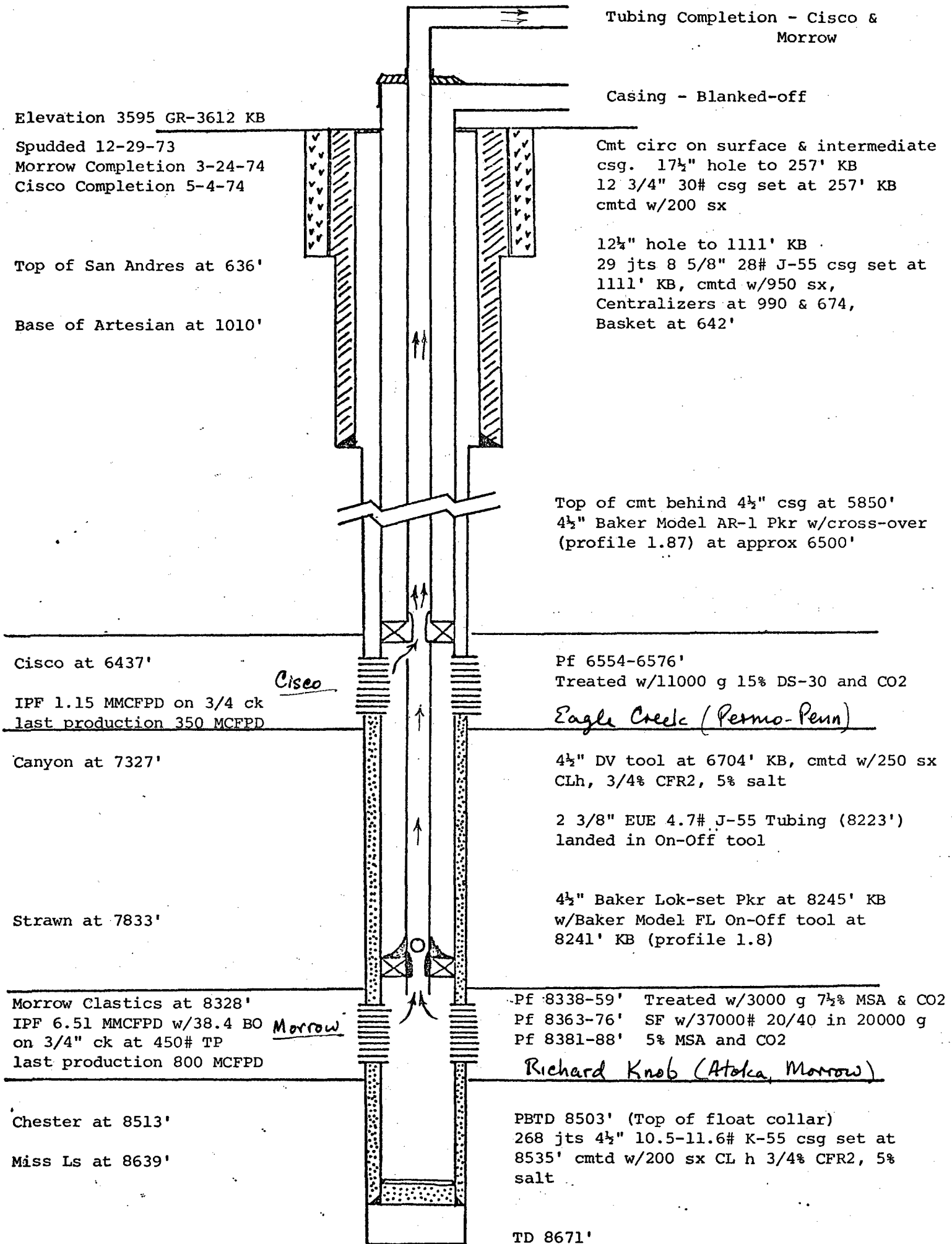
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YATES PETROLEUM CORPORATION

Diagrammatic Sketch of Proposed Dual Completion/ & Commingled Downhole
Federal "CZ" #1, 660' FNL, 1980" FEL, Section 8-T18S-R25E
Eddy County, New Mexico

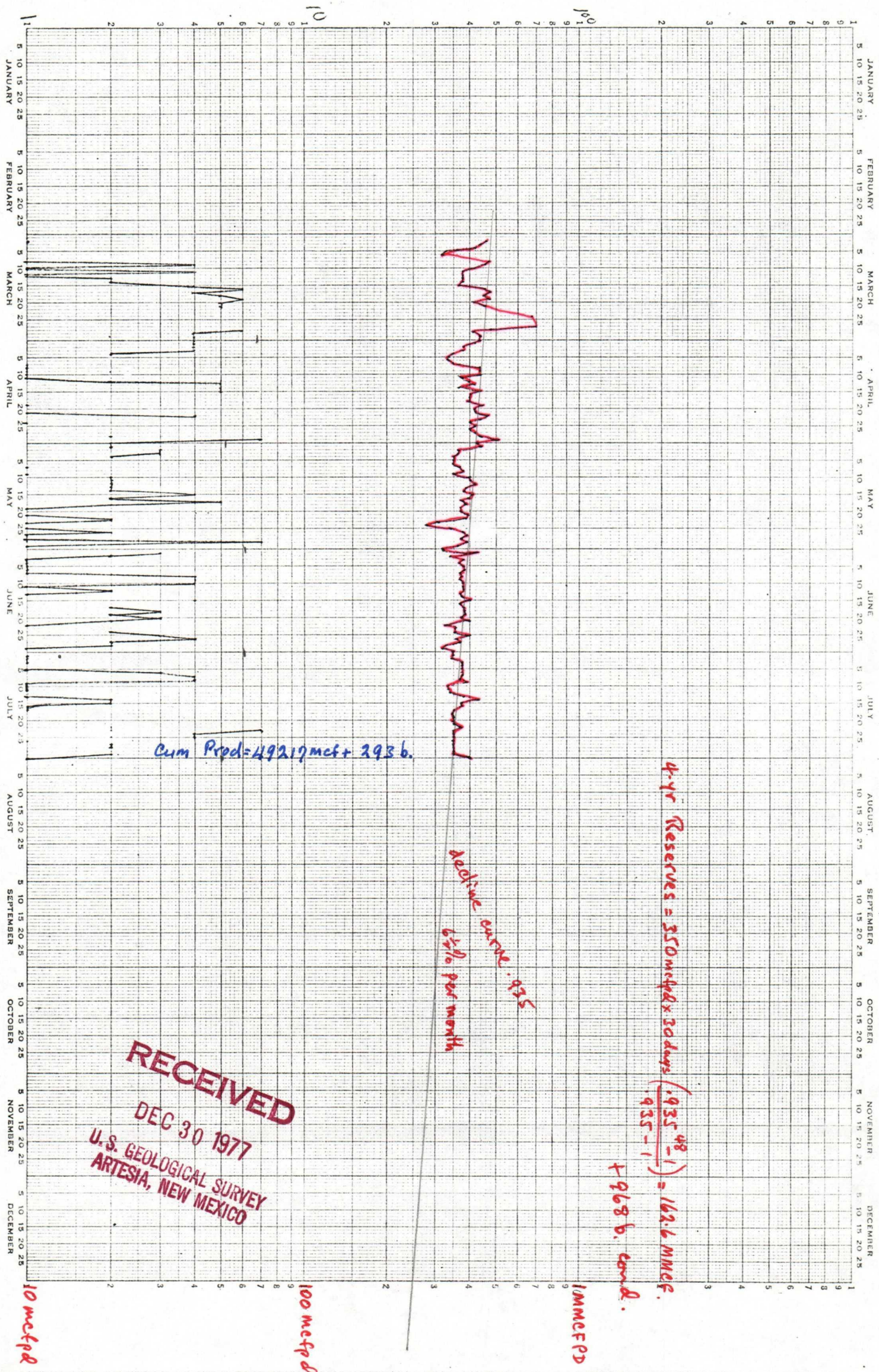


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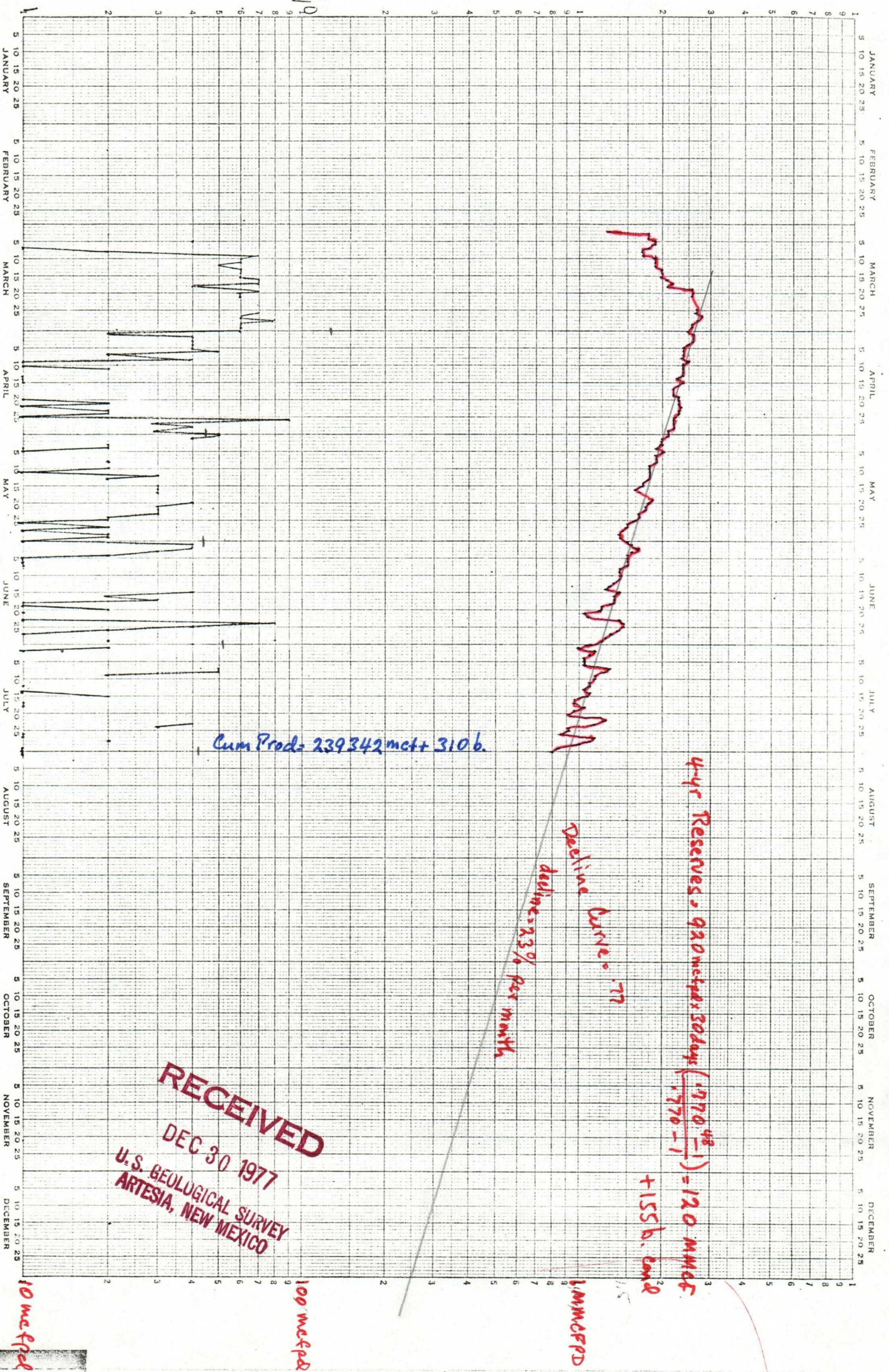


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Black - Oil
Red - Gas

FEDERAL OZ (CISCO)
Yates Pet. Corp.
1 B 8-18-25 -

1977



Black - Oil
Red - Gas

FEDERAL OZ (MORROW)
Yates Pet. Corp.
1 B 8-18-25-Richard Knob

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Federal OZ