

2/15/05 p w J 0504750178
DHC-3404

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

February 8, 2005

David Catanach
State of New Mexico
OIL CONSERVATION DIVISION
1220 South Saint Francis Drive
Santa Fe, NM 87505

Dear Mr. Catanach,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from the Cemetery Morrow and the Wildcat Upper Penn pools in our Dazed "BDZ" Federal Com No. 2 located in Lot 13 of Section 3, Township 21 South, Range 24 East, Eddy County.

If you have any questions or need additional information, please call me at (505) 748-4219.

Sincerely,

James M. Hill
Operations Engineer

MH

Enclosures

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, 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-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM 88210

Operator Address 3400 FSL
Lease Dazed "BDZ" Federal Com No. 2 Lot No. 13 3-21S-24E 660 FWL
Well No. Unit Letter-Section-Township-Range County

OGRID No. 025575 Property Code 33096 API No. 30-015-33428 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat Upper Penn		Cemetery Morrow
Pool Code	96072	3	74640
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7,850'-8,396'		9,642'-9,828'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	2,850 psig SBHP on 1/11/05		3,732 psig SBHP on 8/9/04
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	New Zone		New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 2/7/2005 4 bopd Rates: 12 bwpd 190 mcf/d	Date: Rates:	Date: 1/1/2005 2 bopd Rates: 35 bwpd 463 mcf/d
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 67 % 29%	Oil Gas % %	Oil Gas 33 % 71%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

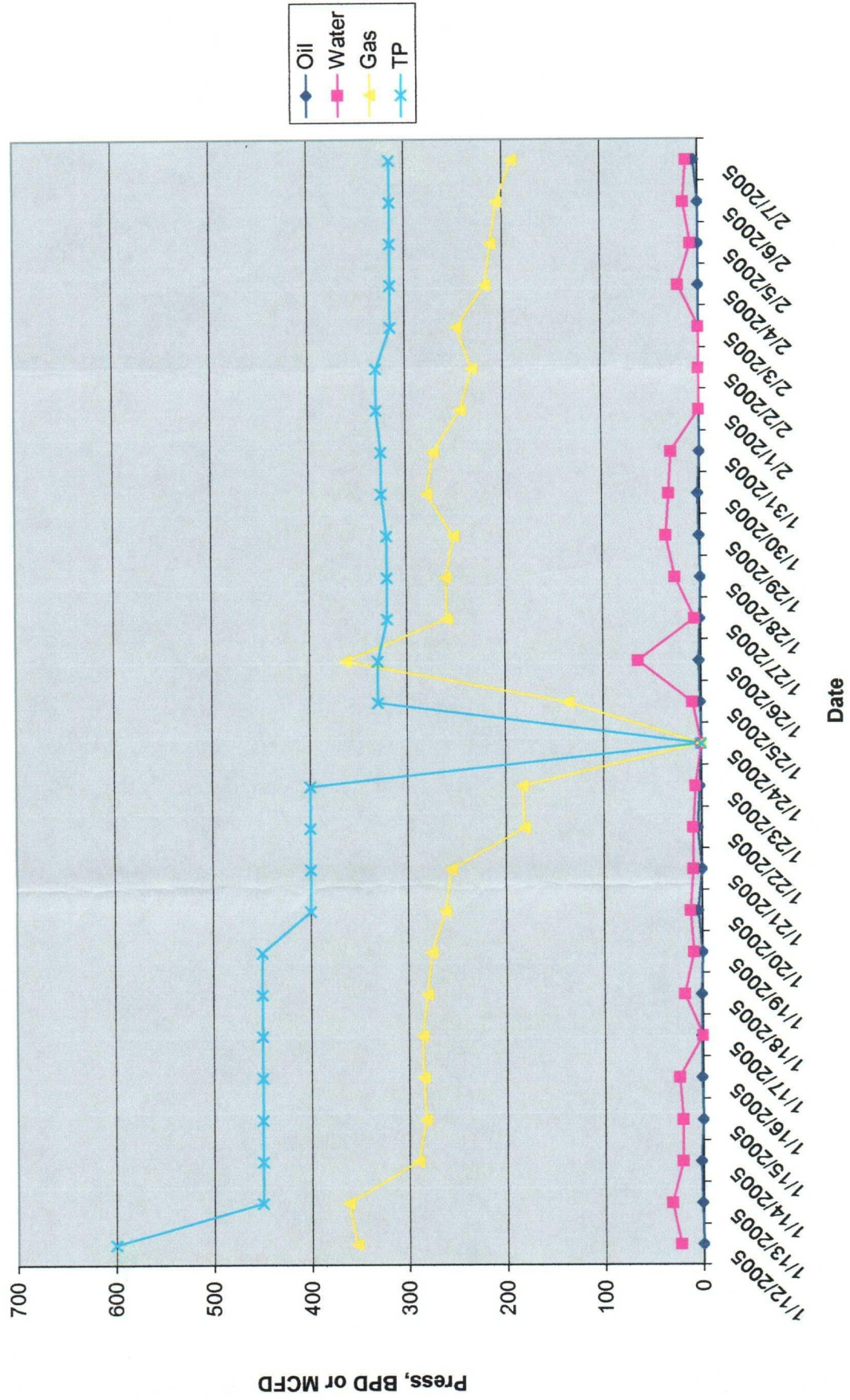
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE James M. Hill TITLE Operations Engineer DATE 2/8/05

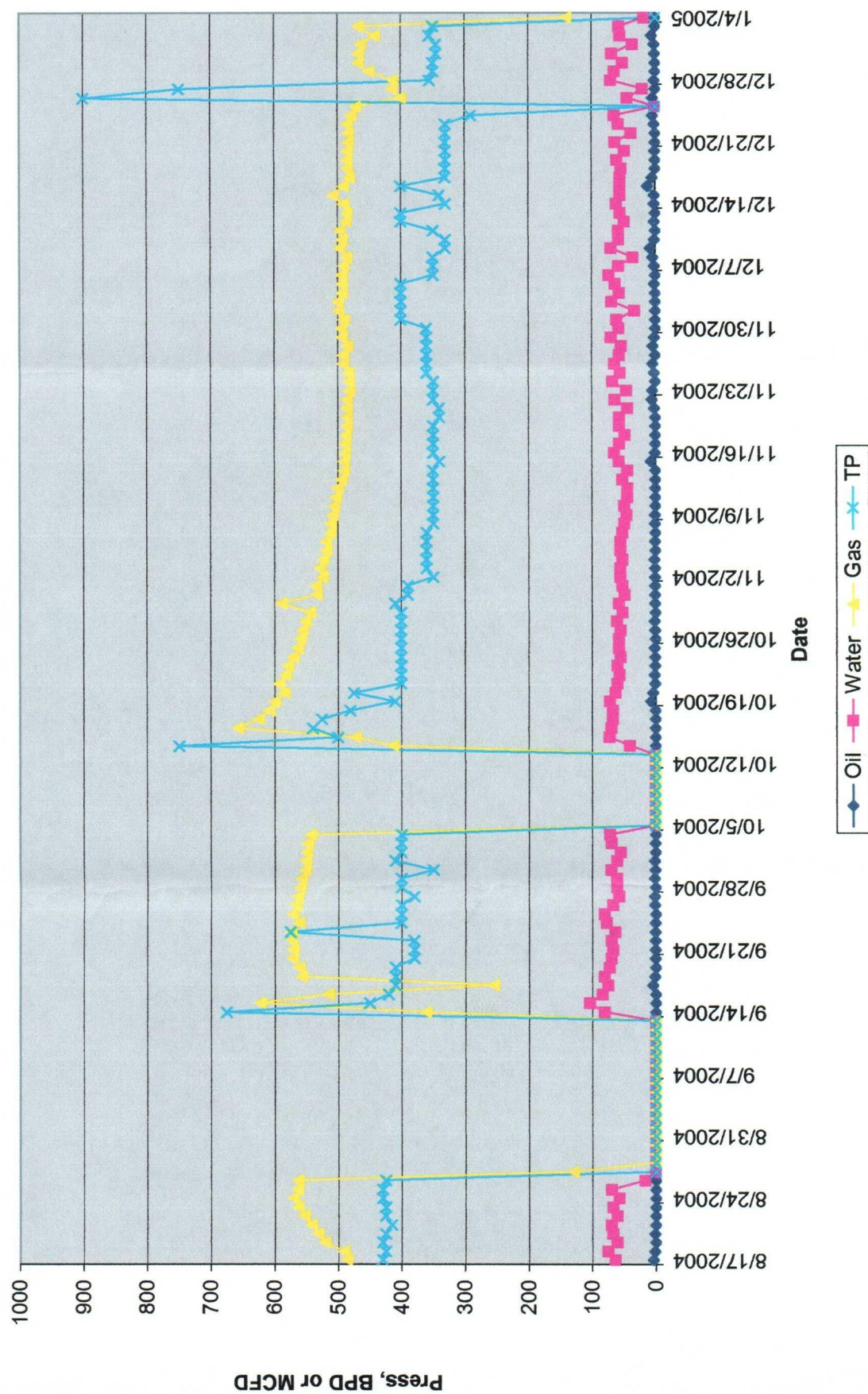
TYPE OR PRINT NAME James M. Hill TELEPHONE NO. (505) 748-4219

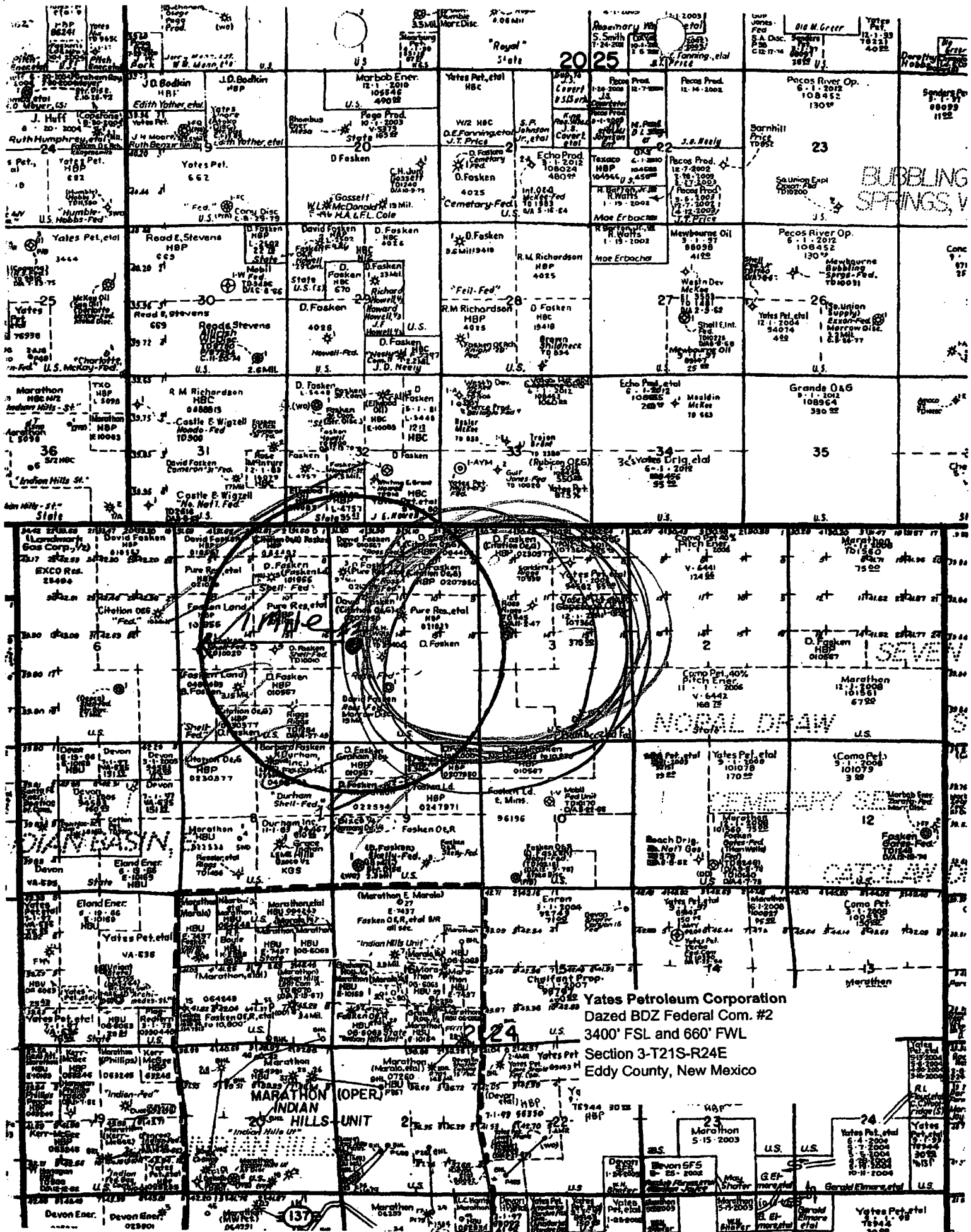
E-MAIL ADDRESS mhill@ypcnm.com

Dazed BDU No. 2 Upper Penn Production



Dazed BDZ No. 2 Morrow Production





Yates Petroleum Corporation
Dazed BDZ Federal Com. #2
3400' FSL and 660' FWL
Section 3-T21S-R24E
Eddy County, New Mexico

MARATHON INDIAN HILLS UNIT

Yates Petroleum Corporation
Dazed BDZ Federal Com. #2
3400' FSL and 660' FWL
Section 3-T21S-R24E
Eddy County, New Mexico

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-33428	² Pool Code	³ Pool Name Wildcat Upper Penn
⁴ Property Code 33096	⁵ Property Name Dazed BDZ Federal Com	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	
		⁶ Well Number 2
		⁹ Elevation 3828'GL

¹⁰ **Surface Location**

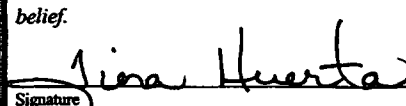
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 13	3	21S	24E		3400	South	660	West	Eddy

¹¹ **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

¹² Dedicated Acres 320	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

¹⁶ Nm-0209950 Lot 12		Lot 11		Lot 10		Lot 9		¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Tina Huerta Printed Name Regulatory Compliance Supervisor Title and E-mail Address October 21, 2004 Date
660'W		Lot 14		Lot 15		Lot 16		
3400'S		RECEIVED OCT 22 2004 OOD-ARTESIA						¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

DISTRICT II

811 South First, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Code	Pool Name Undesignate Cemetery Morrow
Property Code	Property Name DAZED "BDZ" FEDERAL COM.	Well Number 2
OGED No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3828

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 13	3	21S	24E		3400	SOUTH	660	WEST	EDDY

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 320	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**

NM-0207950 LOT 12 LOT 11 N.32°30'39.6" W.104°29'36.3" 3806 3820 660' 850' 3827 3853 LOT 14		NM-021029 LOT 10 LOT 9 LOT 15 LOT 16	

OPERATOR CERTIFICATION

I hereby certify the the information contained hereto to true and complete to the best of my knowledge and belief.

Cy Cowan
 Signature
 Cy Cowan
 Printed Name
 Regulatory Agent
 Title
 April 6, 2004
 Date

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.

3/05/2004
 Date Surveyed
 Signature
 Professional Surveyor
 HENRI L. JONES
 NEW MEXICO
 3640
 Certificate No. HENRI L. JONES RLS 3640
 PROFESSIONAL LAND SURVEYOR
 GENERAL SURVEYING COMPANY

N.M. Oil Cons. Div-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

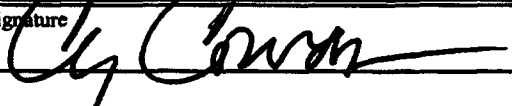
APPLICATION FOR PERMIT TO DRILL OR REENTER MAY 19 2004

0
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-0230377-B	
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Yates Petroleum Corporation		7. If Unit or CA Agreement, Name and No.	
3A. Address 105 South Fourth Street Artesia, New Mexico 88210		8. Lease Name and Well No. Dazed BDZ Federal Com. #2	
3b. Phone No. (include area code) (505) 748-1471		9. API Well No. 30-015-33428	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 3400' FSL and 660' FWL Lot 13 At proposed prod. Zone Same		10. Field and Pool, or Exploratory Undes. Cemetery Morrow	
14. Distance in miles and direction from nearest town or post office* Approximately 14.5 miles northwest of Carlsbad, New Mexico.		11. Sec., T., R., M., or Blk. and Survey or Area Section 3, T21S-R24E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'		12. County or Parish Eddy County	
16. No. of Acres in lease 301.44		13. State NM	
17. Spacing Unit dedicated to this well Middle 1/2			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1/2 mile		20. BLM/BIA Bond No. on file 585997	
19. Proposed Depth 10200'			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3828' GL		22. Approximate date work will start* ASAP	
23. Estimated duration 45 days			
24. Attachments CARLSBAD CONTROLLED WATER BASIN			

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized office.

25. Signature 	Name (Printed/Typed) Cy Cowan	Date 4/14/04
Title: Regulatory Agent		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date 17 MAY 2004
Title ACTING FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

*(Instructions on reverse)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED