

08/27/2013 DATE IN	SUSPENSE	ENGINEER PG	08/28/2013 LOGGED IN	TYPE DHC	PPR NO. 2PRG1324043243
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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 DHC - 3291 already for this well / No longer

*Yates Pet.*  
*30-015-33276*  
*Biew BBP Fed Com #1*  
*Production from appraised zones.*

**[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.**

Brice A. Letcher	<u>Brice A. Letcher</u>	Area Engineer	8/16/2013
Print or Type Name	Signature	Title	Date
		<u>bletcher@yatespetroleum.com</u>	
		e-mail Address	

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
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  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-33276	<sup>2</sup> Pool Code 98001	<sup>3</sup> Pool Name WC-015 G-04 S16 2728P; Wildcat, Cisco (Oil)
<sup>4</sup> Property Code 33564	<sup>5</sup> Property Name Bleu BBP Federal Com	
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name Yates Petroleum Corporation	
		<sup>6</sup> Well Number 1
		<sup>9</sup> Elevation 3409'GL

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	34	16S	27E		660	North	660	West	Eddy

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

<sup>16</sup> 				<sup>17</sup> OPERATOR CERTIFICATION <i>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 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>  August 7, 2013 Signature Date Tina Huerta Printed Name tinah@yatespetroleum.com E-mail Address	
					<sup>18</sup> 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 I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
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  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-33276	<sup>2</sup> Pool Code 97286	<sup>3</sup> Pool Name Empire <del>Wildcat, Wolfcamp, NW</del>
<sup>4</sup> Property Code 33564	<sup>5</sup> Property Name Bleu BBP Federal Com	
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name Yates Petroleum Corporation	
		<sup>6</sup> Well Number 1
		<sup>9</sup> Elevation 3409' GL

<sup>10</sup> Surface Location

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D	34	16S	27E		660	North	660	West	Eddy

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

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.

<sup>16</sup> 				<p><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p><i>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 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p> Signature August 7, 2013 Date</p> <p>Tina Huerta Printed Name</p> <p>tinah@yatespetroleum.com E-mail Address</p>
				<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></p> <p><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></p> <p>_____ Date of Survey</p> <p>_____ Signature and Seal of Professional Surveyor:</p> <p>_____ Certificate Number</p>

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  
AMMENDED

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM 88210

Operator

Address

Bleu BBP Federal Com

01

Unit K - Section 34-16S-21E

Eddy

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 025575 Property Code 018265 API No. 30-015-33276 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<del>Wildcat</del> , Wolfcamp, NW Empire		Wildcat, Cisco
Pool Code	97286 /		98001 /
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6009'-6042'		7446'-7528'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU: 1349 / Oil Gravity: 41.2		BTU: 1323 / Oil Gravity: 43.1 /
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.)			
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 60%	Gas 20%	Oil 40% Gas 80%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐  
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 Brice A. Letcher TITLE Area Engineer DATE 8/28/13

TYPE OR PRINT NAME Brice A. Letcher TELEPHONE NO. (575) 748-1471

E-MAIL ADDRESS blecher@yatespetroleum.com

## **Attachment**

C-102 for both zones are attached.

No production history is available for either zone due to both being new zones. Production rates were estimated from swab testing each zone. See attached swab report for details. The Wolfcamp production is estimated to be 8 bopd and 5 mcf. The Cisco production is estimated to be 12 bopd and 20 mcf.

We need to commingle the two zones to make an economic well. Our plan is to produce the two zones for a few weeks to evaluate the viability of producing the two zones long term and consider a fracture treatment or other recompletion potential in a different zone.

## BLEU BBP FEDERAL #1

Zone

Cisco

## Swab Details

Start Date	# Runs	Init FI Lvl	Choke Sz	P(tub)	P (cas)	% H2O	Recov	Oil	Water Amt	Ld Left to Rec	Comment
7/25/2013 11:30			0.375	3,300.00				0	0	154	START FLOWBACK
7/25/2013 12:00			0.75	0		100	38	0	38	116	H2O
7/25/2013 13:00	3	600				100	18	0	18	98	H2O, ACID GAS
7/25/2013 14:00	2	0				100	16	0	16	82	H2O, ACID GAS, GAS, START FLOWING.
7/25/2013 15:00	2	0				100	13	0	13	69	H2O, GOOD GAS, FLOWING OFF AND ON.
7/25/2013 16:00			0.75	20		98	21	0.4	20.6	48.4	H2O, GOOD GAS, 2% OIL, WELL FLOWING.
											H2O, STEADY GAS BLOW, SURGING FLUID
7/25/2013 17:00			0.75	0		96	6	0.2	5.8	42.7	W/ 4% OIL CUT
7/25/2013 18:00	1	2,300				95	5	0.3	4.8	37.9	H2O, STEADY GAS BLOW, 5% OIL CUT. SWI.
7/26/2013 7:00			0.75	490				0	0	38	START FLOWBACK
7/26/2013 8:00			0.75	0		0	2	2	0	38	FLOW 2 BBLS OIL
7/26/2013 9:00	2	2,500				95	13	0.7	12.4	25.6	H2O, STEADY GAS FLOW, 5% OIL
											"
7/26/2013 10:00	2	3,300				95	10	0.5	9.5	16.2	2013/07/26 11:00"
											"
7/26/2013 14:00	1	6,700				95	2	0.1	1.9	-5.7	2013/07/26 15:00"
7/29/2013 7:00			0.375	700			0	0	0	0	
7/29/2013 8:00			0.375	100			4	4	0	0	
7/29/2013 9:00	2	4,200				99	12	0.1	11.9	-11.9	
7/29/2013 10:00	2	5,000				99	8	0.1	7.9	-19.8	

Total= 8.4 159.8

BLEU BBP FEDERAL #1

Zone  
Wolfcamp

Swab Details

Start Date	# Runs	Init Fl Lvl	Choke Sz	P(tub)	P (cas)	% H2O	Recov	Oil	Water Amt	Ld Left to Rec	Comment
7/31/2013 7:00			0.75	500				0	0	52	
7/31/2013 8:00	2	3,500				49	13	6.6	6.4	45.6	
7/31/2013 9:00	2	5,800				85	5	0.8	4.3	41.4	
7/31/2013 10:00	1	5,800				50	0.5	0.3	0.3	41.1	
7/31/2013 11:00	1	5,800				50	0.5	0.3	0.3	40.9	
7/31/2013 12:00	1	5,800				50	0.5	0.3	0.3	40.6	
7/31/2013 13:00	1	5,800				50	0.5	0.3	0.3	40.4	
7/31/2013 14:00	1	5,800				50	0.5	0.3	0.3	40.1	
7/31/2013 15:00	1	5,800				50	0.5	0.3	0.3	39.9	
7/31/2013 16:00	1	5,800				50	0.5	0.3	0.3	39.6	
7/31/2013 17:00	1	5,800				50	0.5	0.3	0.3	39.4	
8/1/2013 7:00				150				0	0		
8/1/2013 8:00	1	5,400					3	3	0		
8/1/2013 9:00	1	5,800				50	0.5	0.3	0.3		

Total= 13.1 13.4

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

RECEIVED

2013 AUG 25

**SUBMIT IN TRIPLICATE - Other instructions on page 2.**

1. Type of Well

☒

Oil Well

☐

Gas Well

☐

Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 S. 4th Str., Artesia, NM 88210

3b. Phone No. (include area code)

575-748-1471

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

1980' FSL, 1650' FWL Sec 34-T16S-R27E Unit K

5. Lease Serial No.

NM-101583

6. If Indian, Allottee or Tribe Name

D-2-2

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Bleu BBP Federal Com #1

9. API Well No.

30-015-33276

10. Field and Pool or Exploratory Area

Wildcat

11. County or Parish, State

Eddy Co. NM

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>DH Commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Request approval for down-hole commingling. Please see attached.

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

Name (Printed/Typed)

Brice A. Letcher

Title

Area Engineer

Signature

*Brice A. Letcher*

Date

August 16, 2013

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

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





# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

## ADMINISTRATIVE ORDER DHC-3291

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Attention: James M. Hill

*Blue BBP Federal Com Well No. 1  
API No. 30-015-33276  
Unit O, Section 34, Township 16 South, Range 27 East, NMPM,  
Eddy County, New Mexico  
South Diamond Mound-Atoka (Gas 97002),  
Crow Flats-Morrow (Gas 75720), and  
Wildcat-Chester (Gas) Pools*

Dear Mr. Hill:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Percentages to be utilized for assignment of allowables and for production between commingled pools shall be supplied in writing to the Division office in Santa Fe within 30 days following completion of this workover.

REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the

*Administrative Order DHC-3291*

*Yates Petroleum Corporation*

*June 30, 2004*

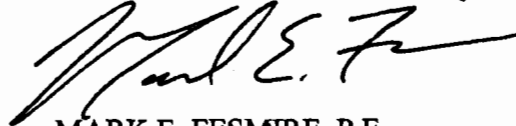
*Page 2 of 2*

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Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 30th day of June 2004.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.  
Director

cc: Oil Conservation Division – Artesia  
Bureau of Land Management - Carlsbad