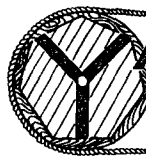


MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



**YATES
PETROLEUM
CORPORATION**

OIL CONSERVATION DIVISION
RECEIVED

AM 9 08

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
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

RELEASE 12-17-92

November 18, 1992

New Mexico Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501
ATTN: Mr. David Catanach

Dear Mr. Catanach,

Enclosed are the necessary documents for obtaining approval for the downhole commingling of the Merchant "XT" Com #1 located in Unit A of Section 12, Township 18 South, Range 25 East of Eddy County.

Should you have any questions, please feel free to contact me at (505) 748-1471. Thank you.

Sincerely,

Chuck Morgan

Chuck Morgan, P. E.

Enclosures

CM/th

Application for Downhole Commingling
Merchant "XT" Com #1
660' FNL & 660' FEL Unit A
Sec. 12-T18S-R25E Eddy County, NM

Reason for Application:

Yates Petroleum Corporation requests approval to commingle the Strawn 8041' - 8178' with the Canyon 7788'-7844'. Production from the Strawn was tested and found to be marginal. Commingling with the Canyon will prevent the early abandonment (and resulting mineral resource waste) of the Strawn.

1. Name and Address of the Operator:

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210
Attention: Chuck Morgan

2. Lease Data:

Merchant "XT" Com #1
660' FNL & 660' FEL Unit A
Sec. 12-T18S-R25E
Eddy County, NM
Pools: Undesignated Strawn
Undesignated Penn

3. Acreage dedication plat and lease map including offset operators. See Attachment A-I and A-II.

4. Productivity Test:

A. Existing Strawn zone capable of 30 MCFPD & 0 condensate.

B. Canyon zone capable of 40 MCFPD & 0 condensate.

5. Production History:

A. Strawn Data:
N. A.

B. Canyon Data:
N. A.

6. Bottom Hole Pressure Data:

BHP on existing Strawn 1,955# (calculated).
BHP on existing canyon 2132 psi.
(Attached BHP data sheet)

7. Fluid Characteristics and Compatibility:

Both Strawn and Canyon will produce sweet gas. Don't anticipate any compatibility problems.

**Merchant "XT" Com #1
Application to Commingle**

-2-

8. Value Data:

Both Strawn and Canyon will produce sweet gas. The value of the gas will not be affected by commingling.

9. Allocation Formula:

Recommend production be allocated: 58% Canyon, 42% Strawn based on production test.

10. Notification Statement:

The offset operators for this area were notified of the proposed commingling of the Merchant "XT" Com #1.

opriate
- 4 copies
- 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator YATES PETROLEUM CORPORATION			Lease Merchant XT Com		Well No. 1
Unit Letter A	Section 12	Township 18S	Range 25E	County NMPM	Eddy
Actual Footage Location of Well: 660 feet from the North line and 660 feet from the East line					
Ground level Elev. 3437'	Producing Formation Strawn/Canyon		Pool Undesignated	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☒ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

YATES	YATES PET. et al	660'
FEE	FEE	R.E. Boling Fee

OPERATOR CERTIFICATION

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

Signature

Printed Name

JUANITA GOODLETT

Position

PRODUCTION SUPERVISOR

Company

YATES PETROLEUM CORPORATION

Date

5-21-92

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 knowledge and belief.

Date Surveyed

Refer to original plat

Signature & Seal of dated 8/21/83
Professional Surveyor

Certificate No.

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

JARREL SERVICES, INC.

Box 1230

Hobbs, New Mexico 88240

<<Static Gradient Survey>>

Date: 09/10/92 @ 3:30 pm

COMPANY: Yates Petroleum Corporation

CONTACT: Ed Perry

LEASE: Merchant

WELL: #1

FIELD:

ZONE:

COUNTY: Eddy

STATE: New Mexico

STATUS: Shut in 7 days

OPERATOR: Harrah

PERFORATIONS FROM: 7783 ft

TO: 7844 ft

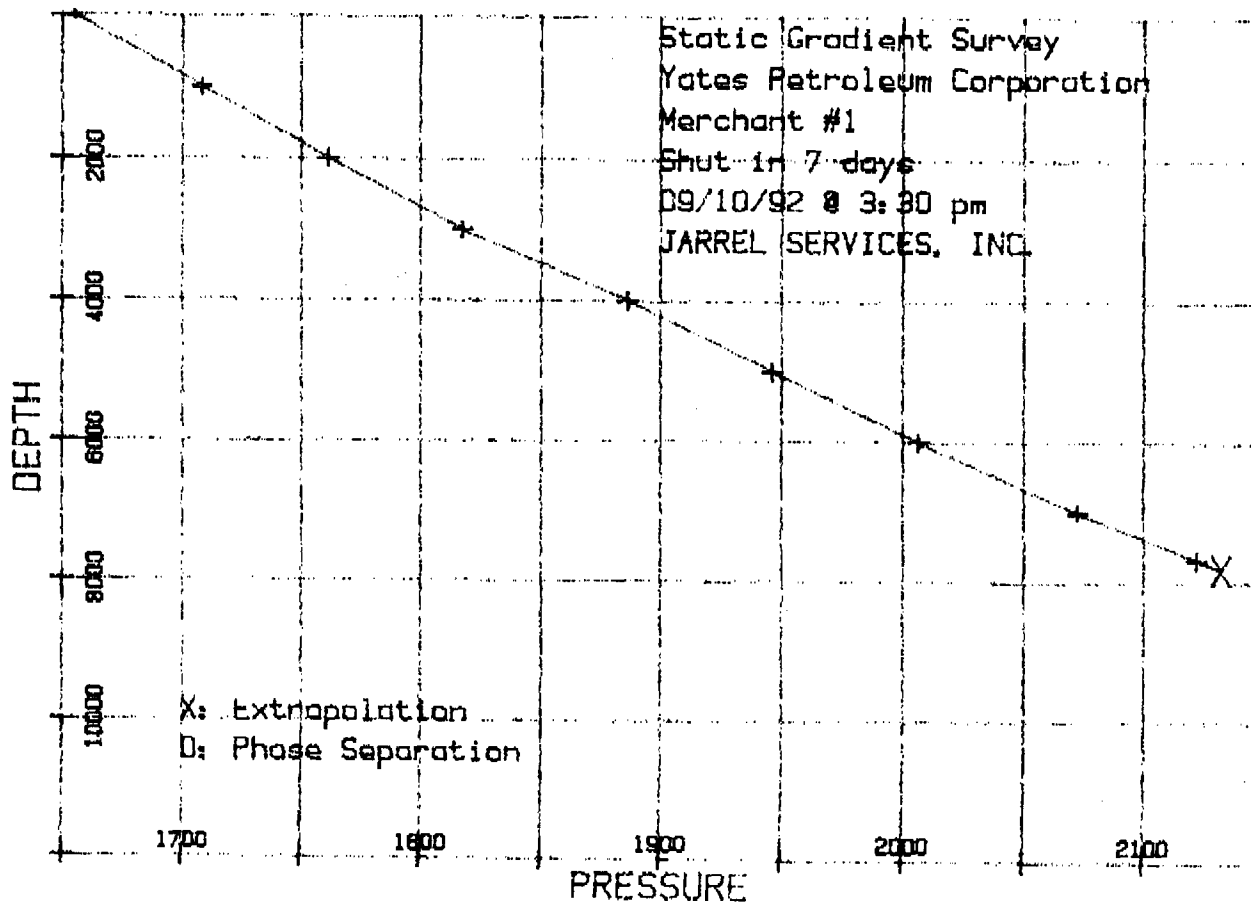
DEPTH: 7675 ft

TEMPERATURE: 140°F

TABULAR DATA

DEPTH (ft)	PRESSURE (psi)	GRADIENT (psi/ft)	EXPLANATIONS
0	1655		
1000	1708	0.053	
2000	1761	0.053	
3000	1817	0.056	
4000	1886	0.069	
5000	1946	0.060	
6000	2006	0.060	
7000	2072	0.066	
7675	2122	0.074	
7813	2132	0.074	<=Extrapolated BHP

NOTE: Explanations are included to clarify calculated data points.



YATES PETROLEUM CORPORATION
CHRONOLOGICAL DRILLING REPORT
Merchant "XT" Com #1
Unit A
12-18S-25E
Eddy County, New Mexico

RECOMPLETION

8-25-92 Moved in and rigged up pulling unit. Dug workover pit. Set tank. SITP 350# and SICP 0#. Bled off tubing. Loaded with 28 bbls 2% KCL. Loaded annulus with 18 bbls KCL. Pressured annulus to 1000# and held 5 mins. No bleed off. Released packer at 8475'. Reversed tubing capacity to pit. TOH with tubing. Rigged up Schlumberger. TIH with 4-1/2" CIBP to 8327'. Set and cap with 35' cement. Prep to perforate. DC \$4634

8-26-92 Perforated 8173-78' (12 holes), 8155-58' (8 holes), 8087-93' (14 holes), 8073-77' (10 holes), 8041-46' (12 holes). TIH with packer and RBP. Straddled 8155-78'. Spot acid. Broke at 2400#. Acidized with 1500 gals 15% NEFE acid. Avg 3.2 BPM at 3600#. ISDP 2800#, 15 mins 2500#. Moved tools. Straddled perfs 8041-93'. Spot acid. Broke at 2800#. Acidized with 3000 gals 15% NEFE acid. Avg 3.2 BPM at 3500#. ISDP 2600#, 15 mins 2500#. Moved tools. Straddled all perfs 8041-8178'. Started swabbing. Total load to recover 170 bbls. Initial fluid level at surface.

TIME	BPH	F.L.
5:00	24	2500'
6:00	20	3500'
7:00	7	5300' scatt to SN
8:00	4	6500' scatt to SN
8:30	1 1 run	7400' scatt to SN
9:30	2	7400' scatt to SN

Total recovered 58 bbls, no shows. Shut in. DC \$7665; CC \$12,299

8-27-92 Overnight SITP 800#. Bled down. Initial fluid level 4500' scattered. Recovered 5 bbls water, 5' continuous after swab. On 2nd run, fluid level 6500' scattered. Recovered 4 bbls. Put on 1/4" positive choke at 9:00 AM -

TIME	PRESSURE	CHOKE
10:00	10 psi	1/4"
11:00	10 psi	1/4"
12:00	10 psi	1/4"
1:00	10 psi	1/4"

} 30 MCFD

Made swab run at 1:00. Recovered 5 bbls water. Loaded tubing. Released tools. Set RBP at 7950'. Tested to 2000#. TOH with packer. Perforated 7832-44' (26 holes) and 7788-92' (10 holes). TIH with packer set at 7711'. Tested annulus to 1000#. Strip off BOP. Flanged well up. Swabbed dry. Recovered 30 bbls water. Shut in. Prep to acidize. DC \$3692; CC \$15,991

8-28-92 Overnight SITP 150#. Flared to pit. On 1st swab run fluid level 5700' scattered. Recovered 4 bbls water. Acidized perfs 7783-7844' with 3000 gals 15% NEFE acid. Breakdown 2000 psi. Avg 4 BPM at 3000#. ISDP 1700#, 15 mins 1500#. Flowed 20 bbls. Swabbed dry. Recovered 68 bbls water with 6' lazy flare. Put on 1/4" choke for 3 hours with no pressure. Fluid level 5700'. Recovered 4 bbls. On 2nd run recovered 3 bbls. On 3rd run had 400' fluid in hole. Did not recover measurable amount. Left well flowing on 1/4" choke overnight. Rec total 75 bbls water. Load left to recover 28 bbls. This AM - 0 psi on 1/4" choke - 6' lazy flare. DC \$3648; CC \$19,639

WATER ANALYSIS: 8-27-92

	Last swab/Canyon
Spec Gravity	1.125 @ 74
Resistivity	.065 @ 75
pH	5.6

DRILLING REPORT - RECOMPLETION

Page 2

Yates Petroleum - Merchant "XT" Com #1 (Unit A) 12-18S-25E Eddy Co., NM

Iron	500
Calcium	42667
Magnesium	2808
Chlorides	93312
Sod & Pot	6852
Sulfate	978
Tot hardness	118222
Bicarbonate	369
Sod Chloride	153499
Tot Diss Sol	219733
H2S	No trace
KCL	Approx 1%

NOTE: No oil in sample.

8-29-31-92

No report.

9-1-92

Overnight SITP 1500 psi. Bled down. First fluid level 4000'. Recovered 15.5 bbls water. Swab dry. Made 3 hourly runs.

10:30	7200' FL	1.5 bbls
11:30	7300'	1.5 bbls
12:30	7400'	1 bbl

Total fluid recovered 19.5 bbls, 7.5 bbls overload. Put on 1/8" positive choke. Stabilized 105# on 1/8" choke = 40 MCF. DC \$1220

9-2-92

No report.

9-3-92

No report.

9-4-92

No report.

9-5-8-92

No report.

9-9-92

No report.

9-10-92

No report.

9-11-92

No report.

9-12-14-92

No report.

9-15-92

No report.

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DENNIS G. KINSEY
TREASURER

November 18, 1992

David Faskens
608 First National Bank Bldg.
Midland, TX 79701

Gentlemen:

Enclosed please find a copy of the application for downhole commingling the Merchant "XT" Com #1 located in Unit A of Section 12-T18S-R25E. This copy of the application to commingle fulfills our requirement to notify offset operators per NMOCD Rule 303 D (10).

Should you have any questions, please feel free to contact me at (505) 748-1471.

Sincerely,

Chuck Morgan, P. E.

CM/th

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November 18, 1992

Bengal Producing Company
8080 N. Central Expressway, Ste 1060
Dallas, TX 75206

Gentlemen:

Enclosed please find a copy of the application for downhole commingling the Merchant "XT" Com #1 located in Unit A of Section 12-T18S-R25E. This copy of the application to commingle fulfills our requirement to notify offset operators per NMOC Rule 303 D (10).

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TREASURER

November 18, 1992

Bengal Oil & Gas Corporation
1300 Main, Ste 1840
Houston, TX 77002-6813

Gentlemen:

Enclosed please find a copy of the application for downhole commingling the Merchant "XT" Com #1 located in Unit A of Section 12-T18S-R25E. This copy of the application to commingle fulfills our requirement to notify offset operators per NMOCD Rule 303 D (10).

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November 18, 1992

Coquina Oil Corporation
P. O. Box 4554
Department 1011
Houston, TX 72210-4554

Gentlemen:

Enclosed please find a copy of the application for downhole commingling the Merchant "XT" Com #1 located in Unit A of Section 12-T18S-R25E. This copy of the application to commingle fulfills our requirement to notify offset operators per NMOCD Rule 303 D (10).

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Sincerely,

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November 18, 1992

Santa Fe Energy
500 W. Illinois, Suite 500
Midland, TX 79701-4319

Gentlemen:

Enclosed please find a copy of the application for downhole commingling the Merchant "XT" Com #1 located in Unit A of Section 12-T18S-R25E. This copy of the application to commingle fulfills our requirement to notify offset operators per NMOCD Rule 303 D (10).

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Sincerely,

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CM/th