

DATE IN 8/16/07	SUSPENSE	W. Jones ENGINEER	LOGGED IN 8/16/07	TYPE DHC	APP NO. P JDS 0722851984
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ABOVE THIS LINE FOR DIVISION USE ONLY

3937

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 _____

[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.

Print or Type Name _____ Signature _____ Title _____ Date _____

 e-mail Address

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

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

OIL CONSERVATION DIVISION

2040 South Pacheco
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 Fourth Street **DAG-3937**
Operator Address

Carper McAlester ATE State 2 C 25 11S 34E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 025575 Property Code _____ API No. 30-025-20388 Lease Type Federal State Fee

DATA ELEMENT	UPPER ZONE <i>oil</i>	INTERMEDIATE ZONE	LOWER ZONE <i>UNDES upper oil</i>
Pool Name	Eight Mile Draw Abo		Eight Mile Draw Permo, Penn
Pool Code	?		21480
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9112' - 9168'		10041'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure <small>(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)</small>	NA		NA
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>			
Producing, Shut-In or New Zone	Producing		Shut-in
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	6/26/07 3 BO 66 BW 31 MCF		2/1992 5 BO 429 BW 6 MCF
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil 38% Gas 84%	Oil Gas	Oil 62% Gas 16%

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 Sam Brandon TITLE Operations Engineer DATE : August 10, 2007
TYPE OR PRINT NAME: Sam Brandon TELEPHONE NO. (505)-748-4281

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 EMERITUS
JOHN A. YATES
CHAIRMAN OF THE BOARD
PEYTON YATES
PRESIDENT
FRANK YATES, JR.
EXECUTIVE VICE PRESIDENT
JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

August 10, 2007

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 Eight Mile Draw Abo and Eight Mile Draw Permo-Penn pools in our Carper McAlester ATE State No.2 located in Unit C of Section 25, Township 11 South, Range 34 East, Lea County.

If you have any questions or need additional information, please call me at (505) 748-4281 or e-mail at sbrandon@ypcnm.com.

Sincerely,

A handwritten signature in cursive script that reads 'Sam Brandon'.

Sam Brandon
Area Engineer

SB

Enclosures

2007 AUG 16 PM 12:46
RECEIVED

ATTACHMENT A

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

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 30-025-29500	² Pool Code 21480	³ Pool Name Eight Mile Draw; Permo Penn
⁴ Property Code 032960	⁵ Property Name Carper McAlester ATE State	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	
		⁶ Well Number #2
		⁹ Elevation 4142

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
A	25	11S	34E		660'	FNL	660'	FEL	Lea

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 40	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

				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 Debbie Chavez Printed Name Engineering Technician Title and E-mail Address 8/13/07 Date	
				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> Refer to Original Plat Date of Survey Signature and Seal of Professional Surveyor:	
				Certificate Number	

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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 30-025-29500	² Pool Code 21450	³ Pool Name Eight Mile Draw; Abo
⁴ Property Code 032960	⁵ Property Name Carper McAlester ATE State	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁶ Well Number #2
		⁹ Elevation 4142

¹⁰ Surface Location

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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

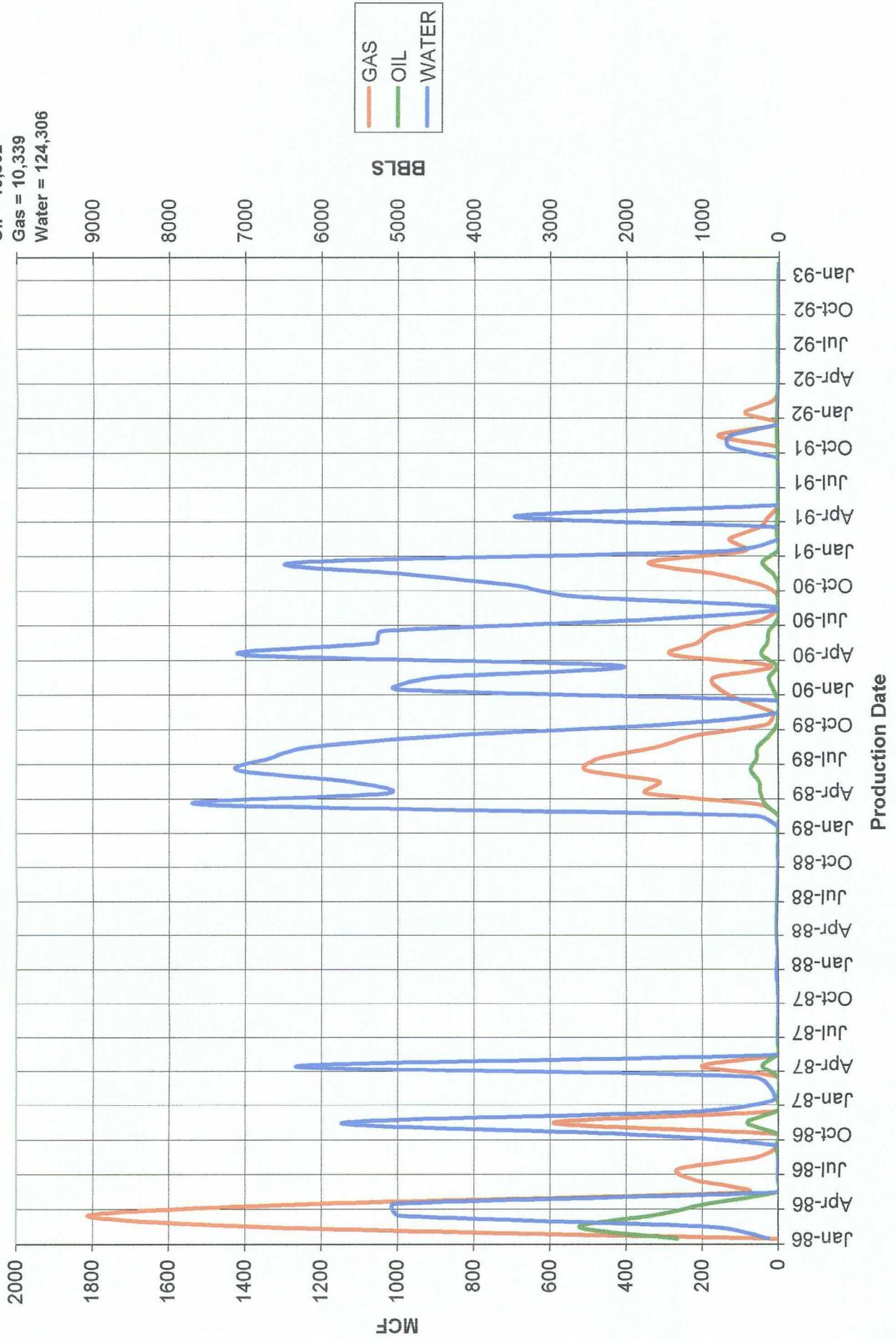
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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				<p>¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Debbie Chavez</i> Signature</p> <p>Debbie Chavez Printed Name</p> <p>Engineering Technician Title and E-mail Address</p> <p>8/13/07 Date</p>
				<p>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></p> <p>Refer to Original Plat</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
				<p>Certificate Number</p>

CARPER MCALESTER ATE STATE #2 (032960-001) - PERMO-PENN

Cum Monthly Prod:
 Oil = 10,302
 Gas = 10,339
 Water = 124,306



The Eight Mile Draw; Abo is a relatively new zone and production curves are not available.

ATTACHMENT C

This well was originally called the Internorth #1 and was completed in the Permo-Penn, produced and plugged back, completed in the Abo, produced and abandoned. We recently renamed the well the Carper McAlester ATE State #2, re-entered the well and completed in the Abo. The reported production on the Form 107-A for the Abo is representative of the well's production. Production for the Permo-Penn is based on the well's production in February, 1992.