

DATE 3/27/08	SUSPENSE	ENGINEER W. Jones	LOGGED IN 3/27/08	TYPE DHC	APP NO. PKVR0808750445
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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
 X 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 X 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.

Sam Brandon

Print or Type Name

Signature

Sam Brandon

Area Engineer

Title

3/24/08

Date

sbrandon1@ypcnm.com
 e-mail Address

RECEIVED
 2008 MAR 27 PM 1:05

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

S.P. YATES
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DIRECTOR

March 25, 2008

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

RECEIVED
2008 MAR 27 PM 1 05

Re: Strait State Unit #5

Dear Mr. Jones:

Enclosed please find a copy of form C-107A (Application for Downhole Commingling) on Yates Petroleum Corporation Strait State Unit #5 of 20-10S-34E, Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4361.

Sincerely,

Debbie Chavez
Engineering Technician

Enclosure(s)

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
Strait State Unit #5 Unit L – Section 20 - 10S-34E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 025575 Property Code 052653 API No. 30-025-38169 Lease Type: Federal ☒ State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
	UNDES		UNDES
Pool Name	X-4 Ranch; Atoka (G)		X-4 Ranch, Morrow (G)
Pool Code	97090 ✓		97049 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	11,078-12,000'		12,055-12,058'
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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1203 BTU		1203 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: New Zone Rates:		Date: New Zone Rates:
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 Allocation % will be submitted when completed		Oil Gas Allocation % will be submitted when completed

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 3/25/08

TYPE OR PRINT NAME Sam Brandon TELEPHONE NO. (505) 748-4281

E-MAIL ADDRESS sbrandon@ypcnm.com

1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

Certificate Number _____

A 4x4 grid with a dot in the second column, third row and the number 16 in the bottom-left cell.

Certificate Number

ATTACHMENT B

The X-4 Ranch; Morrow is a new zone and production curves are not available.

ATTACHMENT C

Strait State Unit No. 5

Estimated Production Rate

Atoka (11978'-12000') – Estimate rate to be 541 MCFD. This is based on initial producing rate at the Strait State Unit No. 4.

Morrow (12055'-12058') – Estimate rate to be 59 MCFD based on net pore volume calculation where:

Atoka = Avg porosity x (1-avg water sat) x net feet = 0.898

Morrow = Avg porosity x (1-avg water sat) x net feet = 0.1094

Total estimated rate = 600 MCFD

$0.898 / 0.1094 = .098236$

$.098236 \times 600 \text{ MCFD} = 58.9 \text{ MCFD} = \text{estimated Morrow production.}$

ATTACHMENT D

The X-4 Ranch; Atoka is a new zone and production curves are not available.

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There are no working, royalty and overriding royalty interests in this well other than Yates Petroleum Corporation

ATTACHMENT E

We need to complete both zones to make an economic well.