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] RECEIVED MAR 20 2003 Oil Conservation Division [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response] [1]**TYPE OF APPLICATION** - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication □ NSL □ NSP □ SD Check One Only for [B] or [C] Commingling - Storage - Measurement [B] ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM X DHC [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery □ WFX □ PMX □ SWD □ IPI □ EOR □ PPR [D] Other: Specify ___ NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply [2] [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. CERTIFICATION: I hereby certify that the information submitted with this application for administrative [4] 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. James M. Hill Operations Engineer 3-19-03 Print or Type Name Date

e-mail Address

District I

State of New Mexico

Form C-107A Revised May 15, 2000

District II

811 South First Street, Arte

District III

District IV 2040 South Pacheco, Santa Fe, NM 87505

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco Santa Fe, New Mexico 87505

APPLICATION TYPE X Single Well Establish Pre-Approved Pools EXISTING WELLBORE __X_Yes ____No

APPLICATION FOR DOWNHOLE COMMINGLING

Yates Petroleum Corpora	tion	105 S	outh For	urth Street	Artesia, New Mexico 88210		
Operator			Address				
Bonanza "AZQ State Con	n 1	P	17	18S 25E		Eddy	
Lease	Well No.	Unit Le	tter-Section	on-Township-	Range	County	
OGRID No. 025575	Property Code	API No. 3	0-015-3	1969	Lease Type:	Federal X State Fee	

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Penasco Draw Permo-Penn		Undesignated Richard Knob Atoka Morrow
Pool Code	82775		83840
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6984-7028 7486-7620		8168-8176
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)	NA		NA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	NA		NA
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: 9/19/02 Rates 214 mcfd 0 bopd 0 bwpd	Date: Rates:	Date: 9/3/02 Rates 112 mcfd 0 bopd 0 bwpd
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	Oil Gas %	Oil Gas

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?	YesX No Yes No
Are all produced fluids from all commingled zones compatible with each other?	Yes X No
Will commingling decrease the value of production?	Yes No <u>X</u>
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.	
PDF_APPDOVED 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 o	complete to	the best of my knowledge and be	elief.	
SIGNATURE JAME James M. Hill	_TITLE _	Operations EngineerTELEPHONE NO	DATE	<u>3/19/03</u> -748-4129

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



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (505) 748-1471

CHAIRMAN OF THE BOARD

JOHN A. YATES

PRESIDENT

PEYTON YATES

EXECUTIVE VICE PRESIDENT

RANDY G. PATTERSON

S. P. YATES

SECRETARY

DENNIS G. KINSEY

TREASURER

March 19, 2003

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 Undesignated Richard Knob Atoka Morrow and the Penasco Draw Permo-Penn pools in our Bonanza "AZQ" State Com #1, located in Unit P, Section 4, Township 8 South, Range 26 East, Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4129. Thank you.

Sincerely,

James M. Hill

Operations Engineer

am M. Hill

JMH/cm

Enclosures

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



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

SECRETARY
DENNIS G. KINSEY
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S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES

PRESIDENT

PEYTON YATES

EXECUTIVE VICE PRESIDENT

RANDY G. PATTERSON

TELEPHONE (505) 748-1471

March 18, 2003

Tim Gum State of New Mexico OIL CONSERVATION DIVISION 811 S. First Street Artesia, NM 88210

Dear Mr. Gum,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from Undesignated Richard Knob Atoka Morrow and the Penasco Draw Permo-Penn pools in our Bonanza "AZQ" State Com #1, located in Unit P, Section 4, Township 8 South, Range 26 East, Eddy County, New Mexico

Sincerely,

James M. Hill Operations Engineer

JMH/cm

Enclosures

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

March 18, 2003

Pete Martinez State of New Mexico Commissioner of Public Lands P. O. Box 1148 Santa Fe, NM 87504-1148

Dear Mr. Martinez,

Pursuant to the State Land Office Rule Nos. 1.053, 1.054 and 1.055, you will find enclosed the \$30.00 filing fee and a copy of the commingling application for the Bonanza "AZQ" State Com #1.

Should you have any questions, feel free to contact me at (505) 748-4129. Thank you.

Sincerely,

James M. Hill

Operations Engineer

JMH/cm

District 1

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

AP1 Number 30-015-31969

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

¹ Pool Code

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies

Undesignated Richard Knob Atoka Morrow

Certificate Number

Fee Lease - 3 Copies

☐ AMENDED REPORT

The Undesignated Richard Knob Atoka Morrow is a new zone and production curves are not available.

District !

1625 N. French Dr., Hobbs, NM 88240

District 11

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

~30-015-31969

Property Code

OGRID No.

API Number

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Property Name

Operator Name

² Pool Code

Bonanza "AZQ" State Com

Form C-102 Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 Copies

Weil Number

Elevation

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

Penasco Draw Permo-Penn

Pool Name

025575	5	Yate	s Petro	leum	Corporation	ı		35	69
						Location			
UL or lot no.	Section	Township	Range	Lot			Feet from the	East/West line	County
P	17	18S	25E	1	660	South	660	East	Eddý
			пво	ottom	Hole Location I	f Different From	n Surface	<u></u>	<u> </u>
UL or lot no.	Section	Township	Range				Feet from the	East/West line	County
	İ								
Dedicated Acres 320	¹³ Joint o	r Infill	Consolidation	Code	¹⁵ Order No.				
NO ALLOW	ABLE WI	LL BE AS				UNTIL ALL INTER	THE DIVISION	[
16							17 OP	ERATOR CER	TIFICATION
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The Penasco Draw Permo Penn is a new zone and production curves are not available.