

DATE IN <u>10-20-09</u>	SUSPENSE	ENGINEER <u>Jones</u>	LOGGED IN <u>10-20-09</u>	TYPE <u>DHC</u>	APP NO. <u>0929339249</u>
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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



Yates Petroleum

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.

Margrethe Hotter

Print or Type Name

Margrethe Hotter
Signature

Area Engineer

Title

10/13/09

Date

mhotter@yatespetroleum.com
e-mail Address

MARTIN YATES, III

1912-1985

FRANK W. YATES

1936-1986

S.P. YATES

1914-2008



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

JOHN A. YATES
CHAIRMAN OF THE BOARD
PRESIDENT

JOHN A. YATES JR.
ASSISTANT TO THE PRESIDENT

JAMES S. BROWN
CHIEF OPERATING OFFICER

JOHN D. PERINI
CHIEF FINANCIAL OFFICER

October 13, 2009

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

Re: Starkissed AWS State #2

Dear Mr. Jones:

Enclosed please find a copy of form C-107A (Application for Downhole Commingling) on Yates Petroleum Corporation Starkissed AWS State #2, Section 3-10S-27E Chaves County, New Mexico.

If you have any questions or need additional information, please call me at (575) 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

Starkissed AWS State

2* Unit E- Section 3 - 10S-27E

Chaves

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 025575 Property Code: 28461 API No. 30-005-63539 Lease Type: Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
	Wildcat Gas Strawberry		Wildcat Mississippian Gas
Pool Name			
Pool Code			50371
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6,386-6,510'		6,562-6,580'
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)			
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: Rates:		Date: 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?
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 Margrethe Hotter TITLE Operations Engineer DATE 10/13/09

TYPE OR PRINT NAME Margrethe Hotter TELEPHONE NO. (575) 748-4165

E-MAIL ADDRESS mhotter@yatespetroleum.com

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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 30-005-63539	² Pool Code 97402	³ Pool Name Strawn; Penn
⁴ Property Code 28461	⁵ Property Name Starkissed AWS State	⁶ Well Number 2
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3,879

¹⁰ Surface Location

UL or lot no. E	Section 3	Township 10S	Range 27E	Lot Idn	Feet from the 1,980'	North/South line North	Feet from the 990'	East/West line West	County Chaves
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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
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¹² Dedicated Acres 320	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 October 13, 2009 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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1625 N. French Dr., Hobbs, NM 88240
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-005-63539	² Pool Code 97402	³ Pool Name Wildcat; Mississippian
⁴ Property Code 28461	⁵ Property Name Starkissed AWS State	⁶ Well Number 2
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3,879

¹⁰ Surface Location

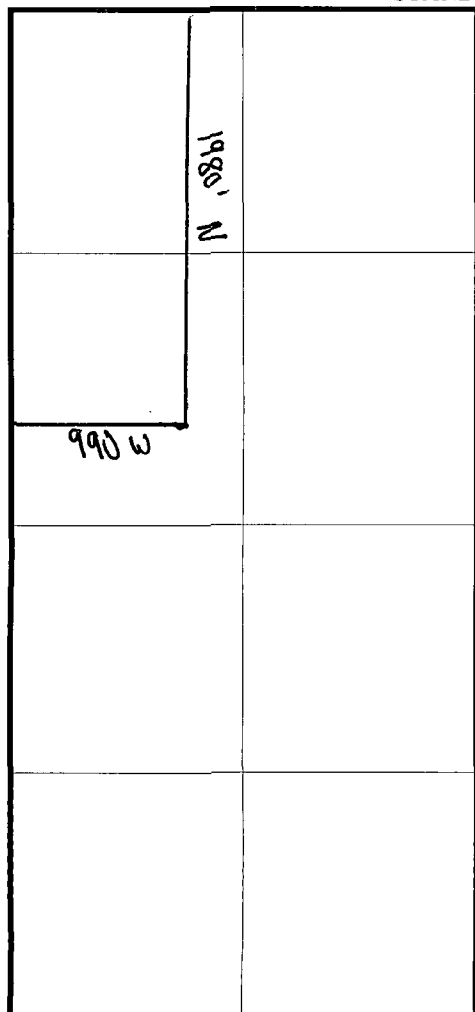
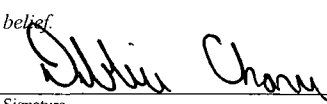
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	Certificate Number

The Strawn; Penn is a new zone and production curves are not available.

The Wildcat Mississippian is a new zone and production curves are not available.

Both zones looks marginal on logs and will have to be produced together to be economical.

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