

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

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August 7, 1998

Mr. David Catanach
OIL CONSERVATION DIVISION
2040 Pacheco Street
Santa Fe, NM 87505-5472

Re: Morton Unit #1 B Sec 5 T15S R35E Lea County, New Mexico

Dear Mr. Catanach,

Yates Petroleum Corporation respectfully asks the Oil Conservation Division for the following procedure regarding downhole commingling approval for the above mentioned well:

1. Completion of additional North Morton Atoka sands.
2. Immediate removal of bridge plugs, and testing via sales line, the commingled production from the Mississippian, Morrow and Atoka for thirty days be allocated as set out in the 4/21/98 application.
3. After thirty days of production, meet with Chris Williams regarding adjustment of the Atoka gas production and adjustment of percentages. Submit this amended fixed percentage allocation to your attention in Santa Fe.

We appreciate your consideration of this proposal.

Sincerely,

Morris Keith

Enclosures

cc: William F. Carr

ILLEGIBLE

DISTRICT

Oil and Gas Conservation Act, N.M. 1924, 1930

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State of New Mexico
Energy, Minerals and Natural Resources Department

Form O-107-A
New 3-1-86

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Vates Petroleum Corporation

105 S. Fourth Street

Artesia, NM 88210

Operator

Address

Morton Unit

1

B 5-15S-35E

Lea

State

Well No.

Unit Loc. Sec. Twp. Rge.

County

GRID NO. 025575

Property Code 018677

API NO. 30-025-33314

Sealing Unit Lease Type (check all that apply)

Federal ☐ State ☐ and on Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	North Morton Atoka Gas 96676	Wildcat Morrow 96070	Wildcat Mississippian 96593
2. Top and Bottom of Pay Section (Perforations)	12524'-12933'	13207'-13243'	13407'-13426'
3. Type of production (Oil or Gas)	Gas	Gas	Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing	Flowing	Flowing
5. Bottomhole Pressure	a. Current 3886	a. Current 5400	a. Current 6074
Oil Zones - Artificial Lift: Estimated Current			
Gas & Oil - Flowing: Measured Current	b. Original 4000	b. Original 5413	b. Original 6271
All Gas Zones: Estimated Or Measured Original			
6. Oil Gravity (API) or Gas BTU Content	1150	1210	1127
7. Producing or Shut-in?	Producing	Shut-in	Shut-in
Production Marginal? (yes or no)	Yes	Yes	Yes
8. Shut-in, give 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: Rate:	Date: 1-9-97 Rate: 0 30PD 0 8WPD 94 MCFGPD	Date: 12-3-96 Rate: 0 80PD 0 8WPD 136 MCFGPD
9. Producing, give date and oil/gas/water rates of recent test (within 30 days)	Date: Estimated Rate: 30 80PD 5 8WPD 1000 MCFGPD	Date: Rate:	Date: Rate:
10. Fixed Percentage Allocation Formula: % for each zone total of %'s to equal 100%	Oil: 100% Gas: 82%	Oil: 0% Gas: 8%	Oil: 0% Gas: 10%

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are oil working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have oil working, overriding, and royalty interests been notified by certified mail? ☐ Yes ☐ No
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No

11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No If No, attach explanation)

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Morton Unit #1

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12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No
13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)
14. If this well is on, or commingled with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMCCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____

16. ATTACHMENTS:

- * 302 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 all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE Morris Keith TITLE Operations Engineer DATE 4-21-93

TYPE OR PRINT NAME Morris Keith TELEPHONE NO. (505) 748-1471

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11990 Exhibit No. 2

Submitted by: Yates Petroleum Corporation

Hearing Date: July 23, 1998