

DISTRICT I

P.O. Box 1385 Hobbs, NM 88241 1980

DISTRICT II

811 South First St., Artesia, NM 88210 2835

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410 1693

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-A  
New 3-12-96

**OIL CONSERVATION DIVISION**

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

APPROVAL PROCESS:

Administrative  Hearing

EXISTING WELLBORE

YES  NO

**APPLICATION FOR DOWNHOLE COMMINGLING**

Yates Petroleum Corporation 105 S. Fourth Street Artesia, NM 88210

Operator Address

Martin ARH 1 J 27-17S-26E Eddy

Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 025575 Property Code 20843 API NO. 30-015-29592 Spacing Unit Lease Types (check 1 or more)  
Federal  State  (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Kennedy Farms Upper Penn 79525	Atoka	Kennedy Farms Morrow 79520
2. Top and Bottom of Pay Section (Perforations)	8202'-8210'	8327'-8333'	8563'-8568' 8626'-8646'
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) 1900 psi b. (Original) 2100 psi	a. 3348 psi b. 3348 psi	a. (Current) 1186 psi b. (Original) 3476 psi
Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original			
6. Oil Gravity ( API) or Gas BTU Content	1212 BTU Content	N/A	N/A
7. Producing or Shut-In?	Producing	Shut-In	Shut-In
Production Marginal? (yes or no)	Yes	Yes	Yes
* If Shut-In, give 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>	Date: Rates:	Date: 3-24-98 (6 HR. TEST) Rates: 0 BOPD 0 BOPD 45 MCFGPD	Date: 2-5-98 Rates: 0 BOPD 0 BOPD 41 MCFGPD
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 4-22-97 Rates: 0 BOPD 0 BOPD 67 MCFGPD	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: 43.8% Gas: 43.8%	Oil: 29.4% Gas: 29.4%	Oil: 26.8% Gas: 26.8%

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 all working, overriding, and royalty interests identical in all commingled zones?  Yes  No  
If not, have all 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)

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 communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau Land Management has been notified in writing of this application.  Yes  No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). \_\_\_\_\_

16. 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 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.

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

SIGNATURE \_\_\_\_\_ TITLE Operations Engineer DATE \_\_\_\_\_

TYPE OR PRINT NAME Morris Keith TELEPHONE NO. (505) 748-4182

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case No. 11991 Exhibit No. 3

Submitted by: Yates Petroleum Corporation

Hearing Date: July 23, 1998