



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

November 19, 1991

Yates Petroleum Corporation
Attn: Mr. Brian Collins
105 South Fourth Street
Artesia, New Mexico 88210

Re: Downhole Commingling Application - Medano VA State #2-E
Lease No. V-120
Eddy County, New Mexico

Dear Mr. Collins:

Reference is made to your downhole commingling application dated November 11, 1991, wherein you propose to test multiple Atoka intervals until commercial production is established and commingle this production with the Morrow production from the above captioned well.

The Medano VA State Well No. 2 located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 16, Township 23 South, Range 31 East, is on State Lease No. V-120.

The Commissioner of Public Lands has this date granted approval to your request. Please be advised that any deviation from your proposed request will be grounds to rescind our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

If you have any questions, or if we can be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744

JB/FOP/pm

encls.

cc:

OCD - David Catanach

Reader File

V-120



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

JIM BACA
COMMISSIONER

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

November 4, 1991

DHC-819

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Brian Collins

RE: Oil Conservation Division Administrative Order No. DHC-819
Medrano "VA" State - Section 16, Township 23 South, Range
31 East

Dear Mr. Collins:

Reference is made to the above captioned Administrative Order granting approval to Surface commingle the production from the Medrano "VA" State No. 2 West Sand Dunes Morrow Pool and the Medrano "VA" State Undesignated Atoka Pool. Please be advised that as per State Land Office Rule Nos. 1.053 and 1.054, this office will require that you complete the enclosed Commingle Pre-Application and return it to us along with your Application to Commingle and the \$30.00 filing fee.

If we can be of assistance, please contact this office.

Sincerely,
Jim Baca, Commissioner of Public Lands

BY: *Floyd O. Prando*

Floyd O. Prando, Director
Oil, Gas and Minerals Division
(505) 827-5744

JB/FOP/PM/kks

cc: OCD



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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November 11, 1991

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

ATTN: Mr. Pete Martinez

RE: Downhole Commingling Medano VA State #2

Dear Mr. Martinez:

Attached, per our phone conversation on November 4, is a copy of the downhole commingling application submitted and approved by the NMOCD. Enclosed also is the \$30.00 filing fee.

If you have questions, please call me at (505) 748-1471.

Sincerely,



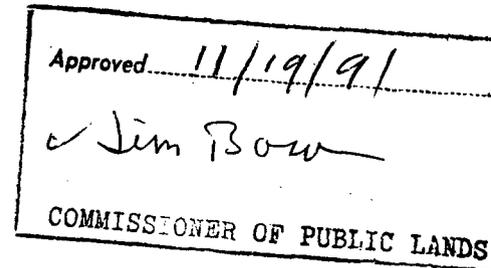
Brian Collins
Engineer

BC/cvg

Attachments

xc: Jim Brown
Randy Patterson
Mike Slater

Application For Downhole Commingling
 Medano VA State #2
 Unit E Sec. 16-T23S-R31E
 Eddy County, New Mexico



Reason For Application: Yates Petroleum Corporation respectfully requests approval to commingle the Morrow from 14011' to 14092' with the Atoka yet to be tested. Our intention is to maximize gas recovery from the Morrow and prevent mineral resource waste. As will be demonstrated in this application, the Morrow reservoir is limited in size and will deplete rapidly. The estimated ultimate recovery of 79-89 MMCF from the Morrow will never pay out the investment (approx. \$2,000,000) required to drill and complete the captioned well.

1> Name and Address of the Operator:

Yates Petroleum Corporation
 105 South Fourth Street
 Artesia, NM 88210
 ATTN: Brian Collins

2> Lease Name, Well Number, Well Location, Name of the Pools to be commingled:

Medano VA State #2
 Unit E Sec 16-T23S-R31E
 1980' FNL & 660' FWL
 Pools: West Sand Dunes Morrow
 Undesignated Atoka

3> A plat of the area showing the acreage dedicated to the well and the ownership of all offsetting leases.

See Attachment A (map)

4> A current (within 30 days) 24-hour productivity test on Division Form C-116 showing the amount of oil, gas, and water produced from each zone.

See attached production plot.