

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]
- [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  
 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  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.

Print or Type Name \_\_\_\_\_ Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
 e-mail Address \_\_\_\_\_

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



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

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RECEIVED  
MAY 10 2005  
OIL CONSERVATION  
DIVISION

May 5, 2005

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 the Penasco Draw Upper Penn and the Penasco Draw Morrow pools in our Rushing "NJ" Deep Com No. 3 located in Unit letter O, of Section 6, Township 19 South, Range 25 East, in Eddy County, NM.

If you have any questions or need additional information, please call me at (505) 748-4219.

Sincerely,

James M. Hill (Mike)  
Operations Engineer

MH

Enclosures

The Penasco Draw Upper Penn is a new zone and production curves are not available.

The Penasco Draw Morrow is a new zone and production curves are not available.

District I  
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

District II  
1301 W. Grand Avenue, Artesia, NM 88210

**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

District III  
1000 Rio Brazos Road, Aztec, NM 87410

**APPLICATION FOR DOWNHOLE COMMINGLING**

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM 88210

**DHC-3483**

Operator

Address

Rushing "NJ" Deep Com No. 3

Unit Letter O, Sec 6-T19S-R25E

Eddy

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 025575 Property Code 34430 API No. 30-015-33755 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Penasco Draw</u> <del>Penasco Draw</del>		<u>Penasco Draw Morrow</u>
Pool Code	<u>82775</u>		<u>82770</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7,616'-7,666'		8,896'-8,998'
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)	2,835 psig SBHP on 4/27/05		
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: 4/26/2005 5 bopd Rates: 2 bwpd 4,465 mcf/d	Date: Rates:	Date: 04/22/2005 1 bopd Rates: 1 bwpd 442 mcf/d
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil: 83.3 % Gas: 90.9%	Oil: % Gas: %	Oil: 16.7 % Gas: 9.1%

**ADDITIONAL DATA**

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No   
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? 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: SEE COMPULSORY POOLING DIVISION

- Attachments: CASE NO. 13461
- 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 \_\_\_\_\_ TITLE Operations Engineer DATE 4/4/05

TYPE OR PRINT NAME James M. Hill TELEPHONE NO. ( 505 ) 748-4219

E-MAIL ADDRESS mhill@ypcnm.com