DHC 8.3.95

YATES PETROLEUM CORPORATION

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

July 10, 1995

David Catanach
State of New Mexico
OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, NM 87501

Dear Mr. Catanach,

Enclosed are the necessary documents for obtaining approval for the downhole commingling of the Zinnia Federal Unit #1 located in E of Section 27, Township 20 South, Range 29 East, Eddy County.

Should you have any questions, feel free to contact me at (505) 748-4182. Thank you.

Sincerely,

Brian Collins
Engineer

BC/th

Enclosures

YATES PETROLEUM CORPORATION

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

July 10, 1995

Tim Gum
State of New Mexico
OIL CONSERVATION DIVISION
Drawer DD
Artesia, NM 88210

Dear Mr. Gum,

Enclosed are the necessary documents for obtaining approval for the downhole commingling of the Zinnia Federal Unit #1 located in E of Section 27, Township 20 South, Range 29 East, Eddy County.

Should you have any questions, feel free to contact me at (505) 748-4182. Thank you.

Sincerely,

Brian Collins
Engineer

BC/th

Enclosures

YATES PETROLEUM CORPORATION

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

July 10, 1995

Richard Manus
Bureau of Land Management
P. O. Box 1778
Carlsbad, NM 88220

Dear Mr. Manus,

Enclosed for your information is the data necessary to obtain approval for the downhole commingling of the following well:

Zinnia Federal Unit #1
Unit E Sec. 27-T20S-R29E
Eddy County, New Mexico
Operator: Yates Petroleum Corporation

This application has been submitted to the NMOCD in Santa Fe and Artesia. If you have any questions, please contact me at 505-748-4182. Thank you.

Sincerely,

Brian Collins
Engineer

BC/th

Enclosures

Application for Downhole Commingling
Zinnia Federal Unit #1
Unit E Sec. 27-T20S-R29E
Eddy County, New Mexico

Reason for Application: Yates Petroleum Corporation respectfully requests approval to commingle the Strawn and Wolfcamp formations. Our intention is to maximize gas recovery from the Strawn and Wolfcamp and prevent mineral resource waste.

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:

Zinnia Federal Unit #1
Unit E Sec. 27-T20S-R29E
1980'FNL & 910'FWL
Pools: Undesignated Strawn
Undesignated Wolfcamp

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 Attachment B (tabular production data).
Strawn capable of approximately 10 BOPD/50 MCFD.
Strawn perfs: 10965' - 10988' MD.
Proposed Wolfcamp perfs: 9902' - 9909', 10188' - 10216' MD (Not tested yet)

5> A production decline curve for both zones showing that for a period of at least one year a steady rate of decline has been established for each zone which will permit a reasonable allocation of the commingled production to each zone for statistical purposes. (This requirement may be dispensed within the case of a newly completed or recently completed well which has little or no production history. However, a complete description of treating testing, etc., of each zone, and a prognostication of future production from each zone shall be submitted.)

See Attachment B.

Best engineering estimate exponential decline curve analysis results in a remaining ultimate recovery of 4213 BO/21,063 MCF for the Strawn.

d = 50%/yr
Qi = 50 MCFD, 10 BOPD
Qaban = 10 MCFD, 2 BOPD

N_R gas = $\frac{365\ (10\text{-}50)}{1n\ (1\text{-}.5)}$ = 21,063 MCF N_R oil = $\frac{365\ (2\text{-}10)}{1n\ (1\text{-}.5)}$ = 4213 BO

We propose to test the Wolfcamp from 9902' to 10216' until commercial production is established and commingle with the Strawn. We want to commingle the Strawn with the Wolfcamp to maximize drainage from the Strawn and prevent the waste of mineral resources. We can't determine the Wolfcamp reserves until we've tested it.

6> Estimated bottom-hole pressure for each artificially lifted zone. A current (within 30 days) measured bottomhole pressure for each zone capable of flowing.

See Attachment C (Mud weight required for Wolfcamp from drilling chronological)
(DST in Strawn on Trigg AIN Fed. #1 Sec. 28-20S-29E).

A reasonable estimate of the Strawn BHP is 4766 psi @ 10685' TVD taken from a drill stem test on the Trigg AIN Fed. #1 located in Sec. 28-20S-29E which had a pressure gradient of 0.446 psi/ft. A reasonable estimate of the Wolfcamp BHP is 5272 psi taken from the 10.2 ppg MW necessary to control the Wolfcamp @ 9939' TVD.

7> A description of the fluid characteristics of each zone showing that the fluids will not be in-incompatible in the well-bore.

Both Strawn and Wolfcamp will produce sweet gas. Don't anticipate any compatibility problems.

8> A computation showing that the value of the commingled production will not be less than the sum of the values of the individual streams.

Both Strawn and Wolfcamp will produce sweet gas. The value of the gas will not be affected by commingling. By commingling, an estimated additional 4213 BO/ 21,063 MCF will be produced from the well.

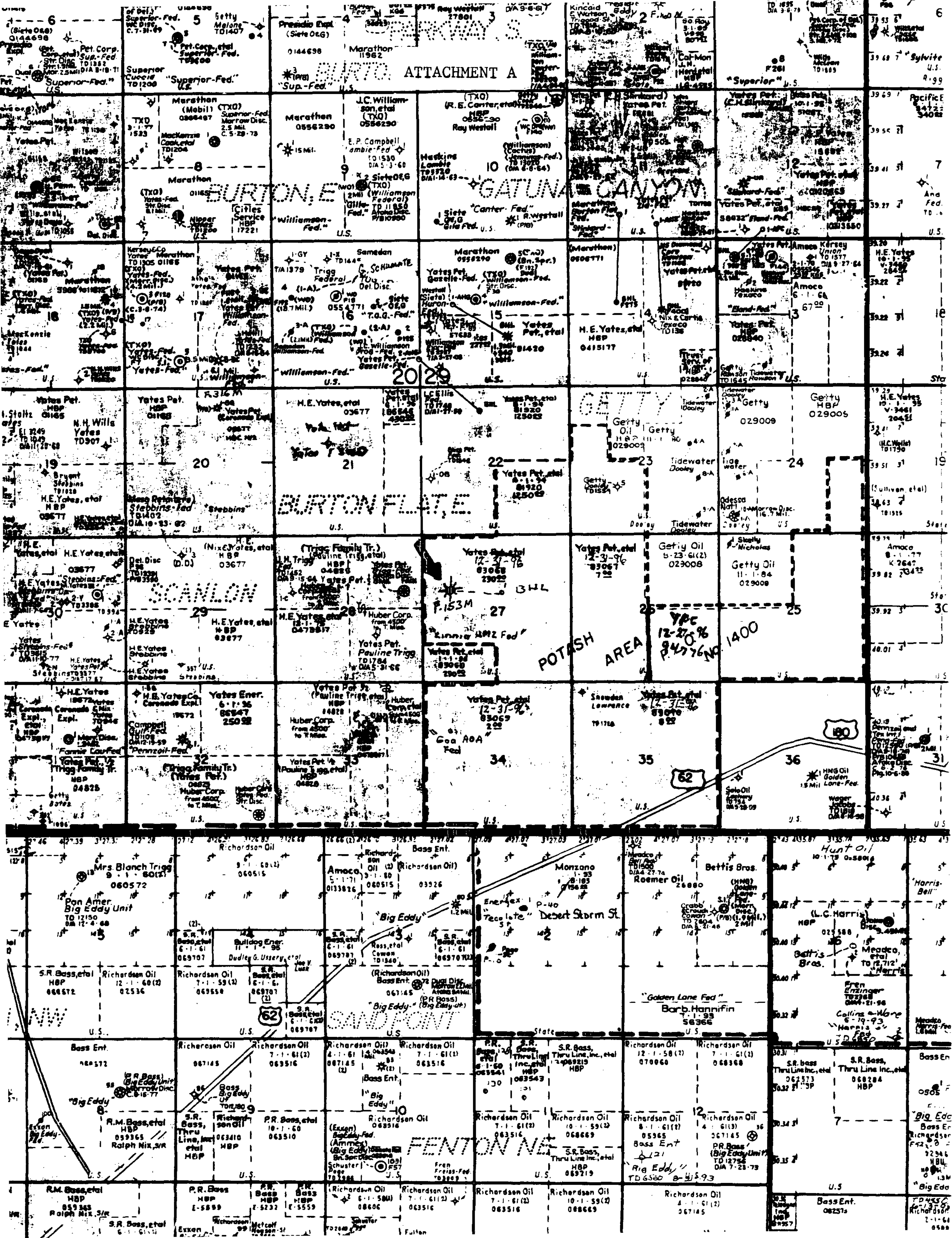
9> A formula for the allocation of production to each of the commingled zones and a description of the factors or data used in determining such formula.

We propose to test the Wolfcamp before recommending an allocation formula. As soon as the Wolfcamp has been tested, we will submit an allocation formula.

10> A statement that all offset operators and, in the case of a well on federal land, the US BLM, have been notified in writing of the proposed commingling.

The offset operators for this area and the BLM were notified of the proposed commingling of the Zinnia Federal Unit #1.

ATTACHMENT A



ENGR502 INTERNAL PRODUCTION REPORT PAGE 1

PRODUCTION DATE...June, 1995 9:52:14 7/10/95

WELL.....060105-001 S1 GAS ZINNIA FEDERAL UNIT #1 OPENING STOCK.. 81.61

FIELD..... 928 UNDESIGNATED (EDDY) CLOSING STOCK.. 201.42

LOCATION..

PUMPER....

DAY	TP	CP	CHOKE	METER	ORF	STATIC	DIFF	WATER	OIL	GAS	WATER PULLED	OIL SOLD	REMARKS
01	100/	0	26/64	3.000	1.500	100.0	.3	3.00	14.00	80			
02	110/	0	26/64	3.000	1.500	110.0	.1	.00	14.00	48			
03	80/	0	26/64	3.000	1.500	80.0	.1	.00	14.00	41			
04	80/	0	26/64	3.000	1.500	80.0	.2	.00	11.00	58			
05	80/	0	26/64	3.000	1.500	80.0	.4	9.00	14.00	83			
06	80/	0	26/64	3.000	1.500	80.0	.4	3.00	14.00	83			
07	80/	0	26/64	3.000	1.500	80.0	.5	9.00	16.00	92			
08	80/	0	26/64	3.000	1.500	80.0	.5	6.00	20.00	92			
09	80/	0	26/64	3.000	1.500	80.0	.2	3.00	14.00	58			
10	80/	0	26/64	3.000	1.500	80.0	.2	.00	14.00	58			
11	70/	0	26/64	3.000	1.500	70.0	.2	.00	11.70	55			
12	80/	0	26/64	3.000	1.500	80.0	.2	6.00	8.19	58			
13	80/	0	26/64	3.000	1.500	80.0	.2	18.00	9.36	58			
14	80/	0	26/64	3.000	1.500	80.0	.8	3.00	14.00	117			
15	75/	0	26/64	3.000	.875	75.0	1.0	.00	8.19	41			
16	80/	0	26/64	3.000	.875	80.0	1.0	3.00	14.00	43		183.76	
17	75/	0	26/64	3.000	.875	75.0	1.0	.00	7.00	41			
18	175/	0	26/64	3.000	.875	80.0	.8	.00	8.19	38			
19	100/	0	26/64	3.000	.875	80.0	.5	.00	7.02	30			
20	80/	0	26/64	3.000	.875	80.0	.5	.00	2.32	30			
21	80/	0	26/64	3.000	.875	80.0	.5	.00	7.00	30			
22	80/	0	26/64	3.000	.875	80.0	1.0	11.00	12.00	43			
23	80/	0	26/64	3.000	.875	80.0	.5	10.00	8.00	30			
24	80/	0	26/64	3.000	.875	80.0	.5	6.00	7.00	30			
25	80/	0	26/64	3.000	.875	80.0	.2	.00	7.02	20			
26	165/	0	26/64	3.000	.875	80.0	.5	19.00	2.32	30			
27	200/	0	26/64	3.000	.875	85.0	.5	3.00	9.36	31			
28	150/	0	26/64	3.000	.875	85.0	.3	.00	8.19	24			
29	100/	0	26/64	3.000	.875	80.0	.3	.00	7.02	24			
30	100/	0	26/64	3.000	.875	100.0	1.0	8.00	3.51	48			
TOTALS....								120.00	306.39	1514		183.76	PRODUCED 30 DAYS

Attachment B

Avg. Daily Prod. = 10 bopd
4 bwpd
50 mcfd

Strawn

OWNERS RECEIVING REPORTS

BAKER SERVICE TOOLS LYNES

DRILL STEM TESTING OPERATION REPORT

Strawn

Lynes District Hobbs NM 84765 Date 6-2, 1991 Field Ticket 258-78184

Operator Yates Petroleum Corp

Address 105 South 4th Street Artesia NM 88210

Est. Porosity 8%

Well Name & Number Trigg AIN Federal # 1 DST No. 4 Net Ft. Pay 9

Contractor	Zia drill	Top Choke 1	Bottom Choke 3/4	Flow No. 1	5 Min.
Rig No.	2	Size Hole	7 7/8 Size Rat Hole —	Shut-in No. 1	60 Min.
Spot	1980 FNL & 660 FEL	Casing Size & Wt.	8 5/8	Flow No. 2	66 Min.
Sec.	28	Size & Wt. D. P. or Tubing	4 1/2 XH 16.60+20	Shut-in No. 2	180 Min.
Twp.	20 South	Size Wt. Pipe		Flow No. 3	66 Min.
Rng.	29 East	I. D. of D. C.	2 1/4	Shut-in No. 3	Min.
Field	Burton Flats	Length of D. C. above Tool	660'	Bottom Hole Temp.	178°
County	Eddy	Total Depth	10657	Mud Weight	9.3
State	New Mexico	Interval Tested	10560 - 10657	Gravity	—
K. B. Elevation		Interval Perforated	—	Viscosity	31
Formation	Strawn	Type of Test	Bottom Hole Conv.	Tool Opened @	0612

Caliper Log Run Prior to Test: Yes ☐ No ☒

Calipered Hole Size @ Top Pkr. — @ Bottom Pkr. —

Did well flow gas yes in 32 mins.

Did well flow oil no in — mins.

Did well flow water no in — mins.

If well did flow, during which flow or shut-in period did gas/fluid reach surface? 2nd Flow Period

BOTTOM HOLE SAMPLER

Pressure in Sampler: 250 PSIG

Total Volume of Sampler: 2600 cc.

Total Volume of Sample: 950 cc.

Where was Sample drained? Rig Floor

Oil: 500 cc.

Water: 450 cc.

Mud: — cc.

Gas: 1.28 cu. ft.

Other: —

Sample R. W.: .068 at 60° 87,000 PPM/Cl

Gravity ___ Gas/Oil Ratio ___

Make Up Water R. W.:

Mud Pit Sample R. W.: .062 at 60 109,000 PPM/Cl

Bottom of Top Packer 10551

Bottom of Second Packer 10560

Top of Straddle Packer —

Top of Fourth Packer —

Length of Test Interval 97'

Test Interval: Anchor 37 Collars 59.79 DP —

Below Straddle: Anchor — Collars — DP —

Was tool plugged? no Was anchor plugged? no

Did straddle pkr. hold? — Press. below straddle —

REMARKS:

Good Mechanical Test

Gage 25178 ran above Shut in Tool

Recorder No. ___ Ran Under Straddle Pkr.

Type K3 No. 22722 Clock No. 26508 Cap. 6625 Loc. 10540 Inside X Outside Hrs. 24

Type K3 No. 22719 Clock No. 20182 Cap. 6725 Loc. 10571 Inside Outside X Hrs. 24

Type DMR No. 1764 Clock No. Cap. 10,000 Loc. 10571 Inside Outside X Hrs. 18

RECORDER READINGS

Press.		Field	Corrected	Press.	Field	Corrected	Press.	Field	Corrected
IH	A	5013		IH	5040		IH	5050	
FH	K	5006		FH	5040		FH	5062	
IF-1	B	496		IF-1	516		IF-1	530	
FF-1	C	523		FF-1	540		FF-1	542	
IF-2	E	380		IF-2	397		IF-2	406	
FF-2	F	462		FF-2	480		FF-2	490	
IF-3	H	413		IF-3	435		IF-3	440	
FF-3	I	462		FF-3	496		FF-3	500	
SIP-1	D	4662		SIP-1	4613		SIP-1	4622	
SIP-2	G	4573		SIP-2	4630		SIP-2	4642	
SIP-3	J			SIP-3			SIP-3	—	

DST TECHNICIAN Barry Fishman

RESERVOIR ANALYSIS? yes

No. Final Copies 12

WELL OWNERS REPRESENTATIVE (Please Print Legibly) Craig Huber

FORMCO # 88720-37 (4/87)

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BAKER SERVICE TOOLS

DRILL STEM TESTING SEQUENCE REPORT

DST #4

Strawn

Lynes District Hobbs NM Date 6-2 1991 Field Ticket 258-78184

Operator Yates

Address

GAS MEASUREMENTS	
Measured with	
Critical well tester	
Orifice well tester	
Side static	
Pitot tube	
Floor manifold with chokes	1/4 & 1/2
Riser size	
Pressure gauge—PSI	Oz.

TIME	PSI	CHOKE	MCF/D
0758	18 1/2	1/4	49
0808	20 1/2	1/4	51
0818	21 1/2	1/4	52
0824	23	1/4	55
	Final	Flow	
1124	2 oz	1/2	—
1129	4 oz.	1/2	—
1134	2 psi	1/2	106
1139	7 psi	1/2	138
1144	11 psi	1/2	161
1149	11 1/2	1/2	159
1154	10	1/2	156
1159	6	1/2	131
1204	5 1/2	1/2	128
1209	5	1/2	125
1214	5 1/2	1/2	128
1219	5 1/2	1/2	128
1224	5 1/2	1/2	128
1229	5 1/2	1/2	128

DATE	TIME	SEQUENCE OPERATIONS
6-01	2330	On location
6-02	0015	PU DST 4
	0129	DMR Battery
	0612	Open tool for 5 min Pre Flow
		Tool opened with weak 1/2" Blow
		Increased to 2" Blow
	0618	Shut in for 60 min ISI
	0718	Open tool for 60 min 2nd Flow
		Tool opened with good Blow
		BOB in 1 min
		10 oz in 5 min
		8 psi in 10 min
		14 psi in 15 min
		16 1/4 psi in 20 min
		16 1/2 psi in 30 min
	0750	Gas to Surface in 32 min
	0824	Shut in for 180 min FSI
	1124	Open Tool for 60 min Final Flow
	1230	Shut in Tool unseat PKRS
		Blow off well & Start out of Hole
	1730	out of Hole Lay down Tools
		Do report

Cushion 1036 Fresh Water Amount 1036 Ft.

Cushion Amount Ft.

Total Fluid Recovered 1318 Ft. Consisting of:

1036 Ft. of Fresh water Cushion

269 Ft. of Water cut Mud

73 Ft. of oil

Ft. of

Ft. of

Ft. of Gas Recovered in Drill Pipe

Test was/was not reverse circulated? was not

Recovery

Top Sample R.W. .18 at 60° 2600 ppm/chl

Middle Sample R.W. 400 ppm chlorides

Bottom Sample R.W. .078 at 60 77000 ppm Chlorides

DST TECHNICIAN Barry Fisher

RESERVOIR ANALYSIS? Yes

WELL OWNERS REPRESENTATIVE (Please Print Legibly) Craig Huber

No. Final Copies 12

FORMCO # BST-30-36 (4/87)

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** PRELIMINARY ANALYSIS **

Strawn

TEST PARAMETERS

RECORDER NUMBER	312	HOLE SIZE	7.875 IN
RECORDER DEPTH	10571 FT	TEMPERATURE	638 DEG R
ELEVATION	3284 FT (KB)	COMPRESSIBILITY	0.85
DATUM	-7287 FT	1ST FLOW TIME	4 MIN
PAY THICKNESS	9 FT	1ST SHUT-IN TIME	62 MIN
VISCOSITY	0.015 CP	2ND FLOW TIME	64 MIN
POROSITY FRACTION	0.08	2ND SHUT-IN TIME	180 MIN
		3RD FLOW TIME	66 MIN
		3RD SHUT-IN TIME	1 MIN

Gradient = 4710/10571 = .446 psi/Ft.

CALCULATIONS

EXTRAPOLATED INITIAL SHUT-IN PRESSURE (PSI)	4709.9
NUMBER OF POINTS USED	3
SLOPE (PSI SQUARED/LOG CYCLE)	30135792.0
EXTRAPOLATED SECOND SHUT-IN PRESSURE (PSI)	4685.0
NUMBER OF POINTS USED	8
SLOPE (PSI SQUARED/LOG CYCLE)	2736895.3
EXTRAPOLATED FINAL SHUT-IN PRESSURE (PSI)	INDETERMINATE
NUMBER OF POINTS USED	
SLOPE (PSI SQUARED/LOG CYCLE)	
AVERAGE PRODUCTION RATE (MCF/DAY)	128.00
TRANSMISSIBILITY (MD.-FT./CP.)	41.52
FLOW CAPACITY (MD.-FT.)	0.62
PERMEABILITY (MD.)	0.0692
PRODUCTIVITY INDEX (MCF/DAY/PSI)	0.031
ESTIMATED DAMAGE RATIO (EDR)	1.8
SKIN FACTOR (S)	4.3
PRESSURE DROP DUE TO SKIN (PSI)	1277.0
APPROXIMATE RADIUS OF INVESTIGATION (FT.)	18.0
DRAWDOWN FACTOR (%)	0.5
POTENTIOMETRIC SURFACE (FT.)	3629.0

surveys. Hydro-test BOP, rams and accessories to 5000 psi and Hydril to 2500 psi. WIH and inspected BHA. WAshed 82' to bottom and displaced hole with 10#/gal brine. CMC $4398; DC $17,121; CC $561,577

2-2-95 Drilling 9845' sand, shale and lime. Made 250' in 22-1/4 hours, 11.2'/hr. MW 10, Vis 32, PV 3, YP 5, Gels 4/1, pH 10.5, WL 26, FC film, Cl 178,000, Solids .75%, Sand trace, Calcium 240, KCl 3.4%. BGG 20, Max 80. WOB 40M, RPM 65, SPM 106, PP 1600#. Installed rotating assembly. Survey: closure 1308' S87 deg E; Inclination and drift 20.75 deg N 88 deg E. DMC $3991; CMC $8560; DC $15,941; CC $577,518

Attachment C

Wolfcamp

2-3-95 Drilling 10,030' lime and shale. Made 185' in 20 hours, 9.1'/hr. MW 10, Vis 36, PV 4, YP 8, Gels 6/1, pH 10, WL 20, FC film, Cl 178,000, Solids .75%, Calcium 200, KCL 3.4%. BGG 45, Max 175. Survey: closure 1361' S 87 deg E; MD 9835' inclination and drift 18.5 deg N 90 deg E. WOB 48M, RPM 65, SPM 106, PP 1500#. Pulled 5 stands. Repaired swivel and WIH. DMC $1486; CMC $10,046; DC $9666; CC $587,184

2-4-95 TD 10,206' shale and lime. Circulate on choke. Made 176' in 19-1/2 hours, 9.02'/hr. MW 10.2, Vis 35, PV 5, YP 8, Gels 6/1, pH 10, WL 10, FC film, Cl 176M, Calcium 260, KCL 3.4%. BGG 50, Max 1600. WOB 48M, RPM 65, SPM 96, PP 2250#. Drilled to 10,260', 9938 TVD. Check flow at 10,199' - no flow, and 10,260' - flowed. SIDP 126 psi. 31 bbl pit gain. Increased MW from 10 to 10.2#/gal and circ on choke. DMC $3712; CMC $13,758

Wolfcamp Pressure

(10.2 ppg)(.052)(9939 TVD) = 5272 psi

2-5-95 Drilling 10,410' shale and lime. Made 204' in 17-3/4 hours, 11.5'/hr. MW 10.2, Vis 34, PV 9, YP 5, Gels 5/8, pH 10, WL 14, FC film, Cl 176M, Solids 1, Sand trace, Calcium 260, KCL 3.4. BGG 250, Max 1800, CG trace. WOB 48M, RPM 65, SPM 92, PP 2050#. Circulated on choke at 10,249' and 10,252' (gas cut mud). DMC $3656; CMC $17,414; DC $11,836; CC $610,912

2-6-95 Drilling 10,680' shale and lime. Made 270' in 23-1/4 hours, 11.6'/hr. MW 10.,3 Vis 35, PV 6, YP 5, Gels 6/3, pH 10.5, WL 14, FC film, Cl 176M, Solids 1-1/2, Sand trace, Calcium 140, KCl 3%. BGG 100, Max 240. WOB 48M, RPM 65, SPM 94, PP 2200#. Survey MD 10,434' inclination and drift 11 deg S 86 deg E, Closure 1513' S 87 deg E. DMC $2884; CMC $20,298; DC $11,523; CC $622,435

2-7-95 Drilling 10,838' shale and lime. Made 158' in 19-1/4 hours, 8.2'/hr. MW 10.3, Vis 36, PV 5, YP 8, Gels 5/4, pH 10, WL 15, FC film, Cl 146M, Solids 1-3/4%, Sand trace, Calcium 140, KCL 3%. BGG 125, Max 700, TG 850. WOB 48M, RPM 65, SPM 94, PP 2200#. Made 20 stand short trip. Survey MD 10,718', inclination drift 7.25 deg S 80' E; Closure 1558' S 87 deg E. DMC $1795; CMC $19,209; DC $10,675; CC $633,110

2-8-95 TD 10,854' shale and lime. Reaming. Made 16' in 4-1/2 hours, 3.8'/hr. MW 10.3, Vis 36, PV 6, YP 7, Gels 5/3, pH 10, WL 10, FC film, Cl 175M, Solids 2%, Calcium 140, KCl 3%. BGG 250, Max 620, TG 625. SPM 100, PP 1350#. Circulated and POOH. Changed BHA. WIH. Slip and cut drilling line. Stuck pipe at 7342' and jarred free. Reamed tight hole from 7260-7450'. DMC $4594; CMC $23,803; DC $21,775; CC $654,885

2-9-95 Drilling 11,017' lime and shale. Made 163' in 19-1/2 hours, 8.3'/hr. MW 10.2, Vis 35, PV 6, YP 7, Gels 5/3, pH 10, WL 10, FC film, Cl 175M, Solids 2, Calcium 140, KCL 3%. BGG 140, Max 300,

WELL NAME: Zinnia Fed. Unit 1 FIELD AREA: Burton Flat

LOCATION: 1980' FNL, 910' FWL (Surface), 2114' FNL, 2563' FWL (BH) 27-20s-29e Eddy NM

GL: 3273' ZERO: 27' AGL: _____'

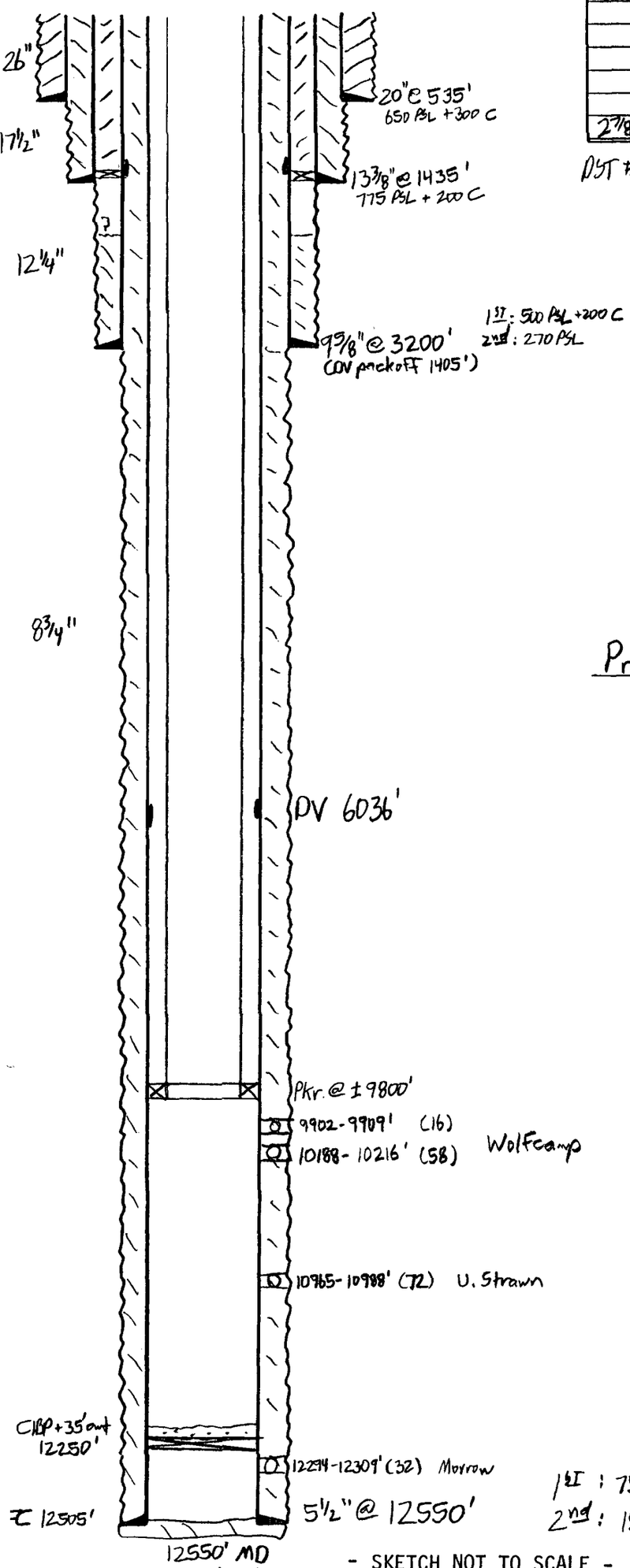
KB: 3300' ORIG. DRLG./COMPL. DATE: _____

COMMENTS: _____

CASING PROGRAM:

SIZE/WT./GR./CONN.				DEPTH SET
20	94	J55	STC	535'
13 3/8	54.5?	J55	STC	1435'
9 5/8	40	J55	STC	3200'
5 1/2	20	S95	LTC	1156'
	20	N80	LTC	3487'
	17	N80	LTC	6862'
	17	L80	LTC	7633'
	20	N80	LTC	12550'
2 7/8	6.5	N80	EUE	

DST #1 3867-3952' Rec. 15.6 BO / 32.2 BW 38° API
Sampler: 400 cc oil / 2100 cc wtr / 0.2 cf g
1500 Cl⁻ ISIP 1651, FSIP 1631 BHT = 95°F
BHP* = 1746 psi



Proposed Wellbore Schematic

1st: 750 Super H + 1250 H circ.
2nd: 1550 Super H circ.

- SKETCH NOT TO SCALE -

REVISED: KBCollins

YATES PETROLEUM CORPORATION

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

July 10, 1995

Marathon Oil Company
P. O. Box 552
Midland, TX 79702

Ladies and Gentlemen:

Yates Petroleum Corporation has submitted an application to the NMOCD to downhole commingle the Strawn and Wolfcamp formations in the Zinnia Federal Unit #1 located in E of Section 27-T20S-R29E. This letter fulfills our requirement to notify offset operators per NMOCD Rule 303 D (10).

Should you have any questions, please feel free to contact me at (505) 748-4182.

Sincerely,

Brian Collins
Engineer

BC/th

Enclosures