

DHC 10/6/97

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

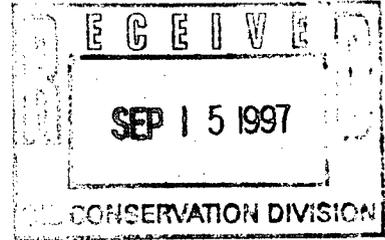


105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

1696

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

September 10, 1997



David Catanach  
State of New Mexico  
OIL CONSERVATION DIVISION  
2040 S. Pacheco Street  
Santa Fe, NM 87505-5472

Dear Mr. Catanach,

Enclosed is an APPLICATION FOR DOWNHOLE COMMINGLING, NMOCD Form C-107-A, for the Corral Draw AQH Federal #1 located in Unit L of Section 13, Township 24 South, Range 29 East, Eddy County, New Mexico. Also enclosed are ATTACHMENTS required by the application.

Yates Petroleum Corporation hereby seeks administrative approval of the application.

If additional information is needed or there are questions, please call me at (505) 748-4174. Thank you for your consideration of this matter.

Sincerely,

Ray Stall  
Operations Engineer

RS/th

Enclosures

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TREASURER

September 10, 1997

Tim Gum  
State of New Mexico  
OIL CONSERVATION DIVISION  
811 South First Street  
Artesia, NM 88210

Dear Mr. Gum,

Enclosed is an APPLICATION FOR DOWNHOLE COMMINGLING, NMOCD Form C-107-A, for the Corral Draw AQH Federal #1 located in Unit L of Section 13, Township 24 South, Range 29 East, Eddy County, New Mexico. Also enclosed are ATTACHMENTS required by the application.

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Sincerely,

A handwritten signature in black ink that reads 'Ray Stall'. The signature is fluid and cursive, with a large initial 'R' and 'S'.

Ray Stall  
Operations Engineer

RS/th

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TREASURER

September 10, 1997

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

Ladies and Gentlemen,

This letter is to notify you that Yates Petroleum Corporation has applied to the New Mexico Oil Conservation Division for administrative approval of downhole commingling in the Corral Draw AQH Federal #1 located in Unit L of Section 13, Township 24 South, Range 29 East, Eddy County, New Mexico. A copy of the application, NMOCD Form C-107-A, is enclosed.

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TREASURER

September 10, 1997

Richardson Oil & Gas, Inc.  
811 Dallas Street  
Houston, TX 77002-5900

Ladies and Gentlemen,

This letter is to notify you as an offset operator that Yates Petroleum Corporation has applied to the New Mexico Oil Conservation Division for administrative approval of downhole commingling in the Corral Draw AQH Federal #1 located in Unit L of Section 13, Township 24 South, Range 29 East, Eddy County, New Mexico. A copy of the application, NMOCD Form C-107-A, is enclosed.

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Ray Stall  
Operations Engineer

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TREASURER

September 10, 1997

Collins & Ware, Inc.  
508 West Wall Ave.  
Suite 1200  
Midland, TX 79701

Ladies and Gentlemen,

This letter is to notify you as an offset operator that Yates Petroleum Corporation has applied to the New Mexico Oil Conservation Division for administrative approval of downhole commingling in the Corral Draw AQH Federal #1 located in Unit L of Section 13, Township 24 South, Range 29 East, Eddy County, New Mexico. A copy of the application, NMOCD Form C-107-A, is enclosed.

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TREASURER

September 10, 1997

Penwell Energy, Inc.  
1100 Arco Building  
600 North Marienfeld  
Midland, TX 79701

Ladies and Gentlemen,

This letter is to notify you as an offset operator that Yates Petroleum Corporation has applied to the New Mexico Oil Conservation Division for administrative approval of downhole commingling in the Corral Draw AQH Federal #1 located in Unit L of Section 13, Township 24 South, Range 29 East, Eddy County, New Mexico. A copy of the application, NMOCD Form C-107-A, is enclosed.

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Sincerely,

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Ray Stall  
Operations Engineer

RS/th

DISTRICT I

P.O. Box 1980, 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

Corral Draw AQH Federal

1

L-13-24S-29E

Eddy

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

OGRID NO. 025575

Property Code 020474

API NO. 30-015-29396

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	Undesignated Delaware		Pierce Crossing Bone Springs, East 50371
2. Top and Bottom of Pay Section (Perforations)	6005' - 6007'		8042' - 8165' cmt sqzd 9017' - 9070'
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 2723 (DST)	a.	a. (Current) 3000
	b. (Original)	b.	b. (Original)
6. Oil Gravity ( API) or Gas BTU Content	40.5° @ 60°F		41.8° @ 60°F
7. Producing or Shut-In?	Producing		Shut-In
Production Marginal? (yes or no)	No		Yes
* If 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: Rates:	Date: Rates:	Date: 5-8-97 Rates: 14 BOPD 24 BWPD 0 MCFD
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 8-29-97 Rates: 42 BOPD 128 BWPD 20 MCFD	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: 75% Gas: 100%	Oil: % Gas: %	Oil: 25% Gas: 0%

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.

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

SIGNATURE Ray Stall TITLE Operations Engineer DATE 9-10-97

TYPE OR PRINT NAME Ray Stall TELEPHONE NO. (505) 748-1471

---

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

Form C-102  
 Revised February 10, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number 30-015-29396		2 Pool Code		3 Pool Name Undesignated Delaware	
4 Property Code 020474		5 Property Name Corral Draw AQH Federal			6 Well Number 1
7 OGRID No. 025575		8 Operator Name Yates Petroleum Corporation			9 Elevation 3053' GR

10 Surface Location

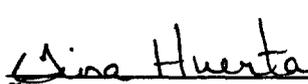
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	13	24S	29E		2310	South	330	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
--------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	17 OPERATOR CERTIFICATION			
	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief			
	 Signature Tina Huerta Printed Name Operations Technician Title Date			
	18 SURVEYOR CERTIFICATION			
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.				
REFER TO ORIGINAL PLAT				
Date of Survey				
Signature and Seal of Professional Surveyor:				
Certificate Number				

Production curves for each zone are not available. The Undesignated Delaware has produced for only 2 weeks.

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OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-29396		2 Pool Code 50371		3 Pool Name Pierce Crossing Bone Springs, East	
4 Property Code 020474		5 Property Name Corral Draw AOH Federal			6 Well Number 1
7 OGRID No. 025575		8 Operator Name Yates Petroleum Corporation			9 Elevation 3053' GR

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
L	13	24S	29E		2310	South	330	West	Eddy

11 Bottom Hole Location If Different From Surface

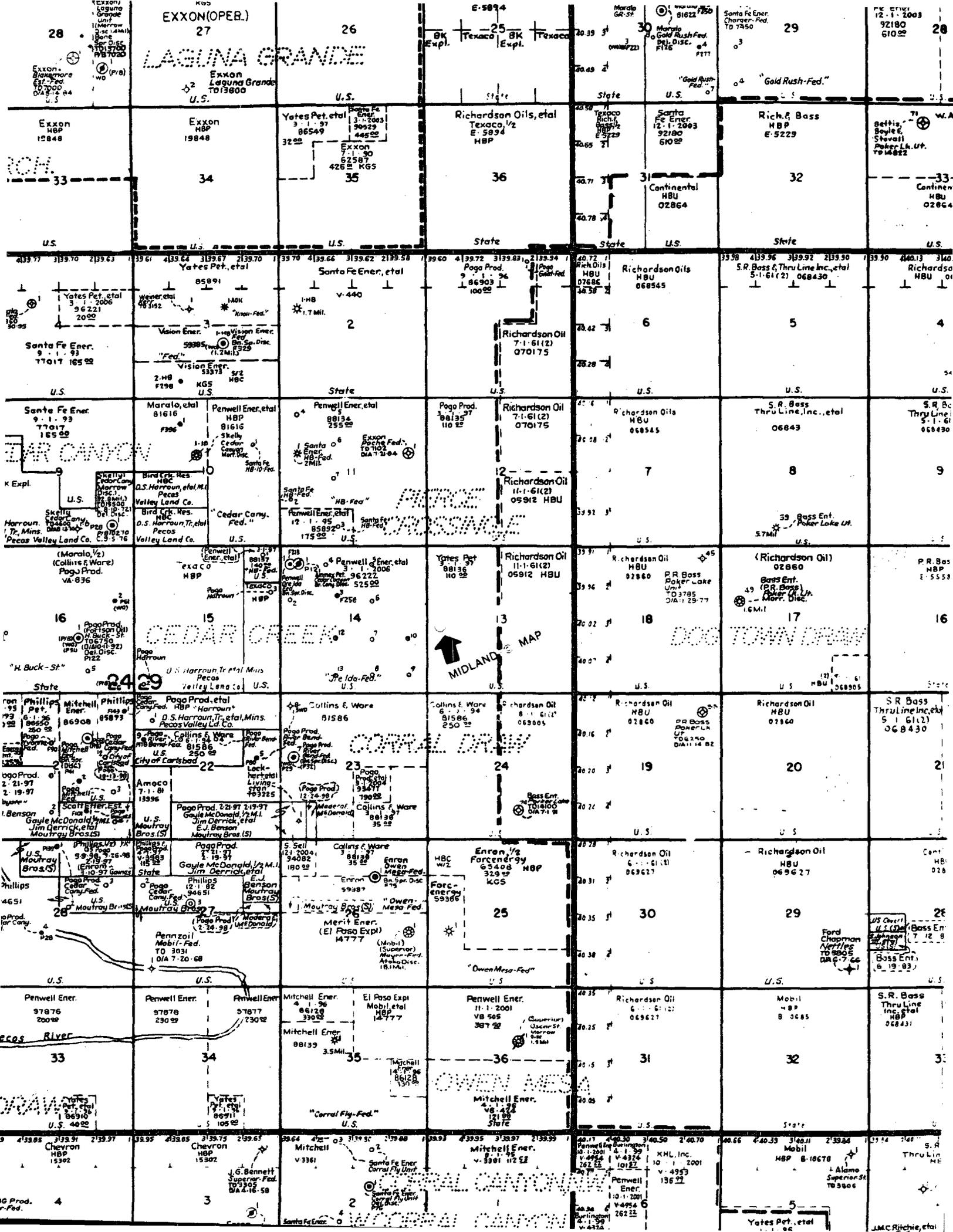
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Production curves for each zone are not available. The Pierce Crossing Bone Springs, East has produced only 4 months.



EXXON(OPER.)  
27  
**LAGUNA GRANDE**

Yates Pet. et al  
35  
**SANTA FE ENER., et al**

24  
**CEDAR CREEK**

23  
**CORNAL DRY**

36  
**OWEN MESA**

28  
Exxon  
Bismarck  
Est. Fed.  
10,700  
04512 04  
U.S.

27  
Exxon  
Laguna Grande  
7013600  
U.S.

26  
Yates Pet. et al  
3  
1-37  
86549  
3222  
Exxon  
7-1-90  
5-58  
4262  
KGS

25  
Richardson Oil, et al  
Texaco, 1/2  
E-5994  
HBP

30  
Santa Fe Ener.  
12-1-2003  
92180  
61022

29  
Rich. & Bass  
HBP  
E-5229

32  
Continental  
HBU  
02864

33  
Exxon  
HBP  
15848

34  
Exxon  
HBP  
19848

35  
Yates Pet. et al  
3  
1-37  
86549  
3222  
Exxon  
7-1-90  
5-58  
4262  
KGS

36  
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Texaco, 1/2  
E-5994  
HBP

31  
Continental  
HBU  
02864

32  
Rich. & Bass  
HBP  
E-5229

33  
Continental  
HBU  
02864

33  
Yates Pet. et al  
3  
1-2006  
96221  
2022

34  
Vision Ener.  
1-1/2 Vision Emer.  
59385  
1.2 Mil.

35  
Santa Fe Ener., et al  
1-HB  
V-440  
1.7 Mil.

36  
Richardson Oil  
7-1-61(2)  
070175

31  
Richardson Oils  
HBU  
068545

32  
S.R. Boss & Thru Line, et al  
5-1-61(2)  
068430

33  
Richardson Oils  
HBU  
068430

34  
Santa Fe Ener.  
9-1-93  
77017  
18522

35  
Marato, et al  
81616  
F396

36  
Penwell Ener., et al  
HBP  
81616

37  
Richardson Oil  
7-1-61(2)  
070175

38  
Richardson Oils  
HBU  
068545

39  
S.R. Boss  
Thru Line, Inc., et al  
5-1-61(2)  
068430

40  
S.R. Boss  
Thru Line, Inc., et al  
5-1-61(2)  
068430

35  
Santa Fe Ener.  
9-1-93  
77017  
18522

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Marato, et al  
81616  
F396

37  
Penwell Ener., et al  
HBP  
81616

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7-1-61(2)  
070175

39  
Richardson Oils  
HBU  
068545

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Thru Line, Inc., et al  
5-1-61(2)  
068430

41  
S.R. Boss  
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5-1-61(2)  
068430

36  
Pogo Prod.  
VA-836

37  
Pogo Prod.  
VA-836

38  
Pogo Prod.  
VA-836

39  
Richardson Oil  
11-1-61(2)  
05912 HBU

40  
Richardson Oil  
HBU  
02860

41  
Richardson Oil  
HBU  
02860

42  
S.R. Boss  
Thru Line, Inc., et al  
5-1-61(2)  
068430

37  
Phillips  
Pet. et al  
86908

38  
Pogo Prod.  
VA-836

39  
Collins & Ware  
81586

40  
Richardson Oil  
11-1-61(2)  
05912 HBU

41  
Richardson Oil  
HBU  
02860

42  
Richardson Oil  
HBU  
02860

43  
S.R. Boss  
Thru Line, Inc., et al  
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068430

38  
Phillips  
Pet. et al  
86908

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Pogo Prod.  
VA-836

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Collins & Ware  
81586

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Richardson Oil  
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05912 HBU

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Richardson Oil  
HBU  
02860

43  
Richardson Oil  
HBU  
02860

44  
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Thru Line, Inc., et al  
5-1-61(2)  
068430

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Pet. et al  
86908

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05912 HBU

43  
Richardson Oil  
HBU  
02860

44  
Richardson Oil  
HBU  
02860

45  
S.R. Boss  
Thru Line, Inc., et al  
5-1-61(2)  
068430

**YATES PETROLEUM CORPORATION**  
**APPLICATION FOR ADMINISTRATIVE APPROVAL**  
**DOWNHOLE COMMINGLING**  
**CORRAL DRAW AQH FEDERAL #1**  
**EDDY COUNTY, NEW MEXICO**

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

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Houston, TX 77002-5900

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