

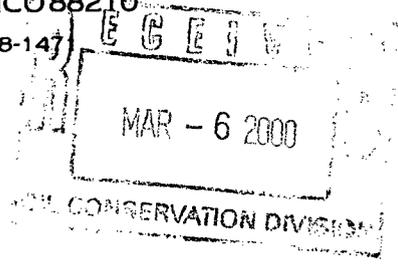
AMEND DHC 3/27/00

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



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

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



March 2, 2000

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

Re: Big Freddy Unit No. 1  
API No. 30-015-29734  
Unit G, Sec. 10, T. 23 S., R. 22 E.  
Eddy County, New Mexico

Dear Mr. Catanach,

By Administrative Order No. DHC-1834 dated February 27, 1998, approval was granted to commingle Wildcat Cisco and Wildcat Strawn in the referenced well. Producing intervals specified on the application were Cisco from 7368'-7384' and Strawn from 8671'-8677' & 9125'-9199'. The well was commingled in January 2000.

Mr. Bryan Arrant of your Artesia District Office has advised us that perforations 9125'-9199' are in the Atoka formation not the Strawn formation.

Accordingly, we respectfully request your approval of the enclosed revised Form C-107-A that reflects this change.

Thank you for your consideration of this matter. If you have any questions or need additional information, please call me at (505) 748-4174.

Sincerely,

Albert R. Stall  
Operations Engineer

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
811 South First St., Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd, Aztec, NM 87410  
DISTRICT IV  
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-107-A  
Revised August 1999

APPROVAL PROCESS:

Administrative  Hearing

EXISTING WELLBORE

YES  NO

APPLICATION FOR DOWNHOLE COMMINGLING

Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210  
Operator Address

Big Freddy Unit 1 G 10-23S-22E Eddy  
Lease Well No. Unit Ltr.-Sec-Twp-Rge County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 025575 Property Code 21717 API NO. 30-015-29734 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 Cisco  | Undesignated Strawn                                     | Undesignated Atoka                                       |
| 2. Top and Bottom of Pay Section (Perforations)   | 7368'-7384'   | 8671'-8677'   | 9125'-9199'  |
| 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. 260 psi FTP (no recent BHP measurement available)      |   |  |
| Oil Zones - Artificial Lift:<br>Estimated Current<br>Gas & Oil - Flowing:<br>Measured Current<br>All Gas Zones:<br>Estimated or Measured Original   | b. (Original p* = 3942 from DST Analysis)                 | b. 3769 (est)   | b. 3971 (est)  |
| 6. Oil Gravity (EAPI) or Gas BTU Content  | No Sample   | No Sample   | No Sample  |
| 7. Producing or Shut-In?  | Shut-In   | Shut-In   | Shut-In  |
| Production Marginal? (yes or no)  | No  | Yes   | Yes  |
| * If Shut-In, give date and oil/gas/water rates of last production<br><small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting date</small> | Date: 11-26-97<br>Rates: 1377 mcf/gpd<br>0 BWPD<br>0 BOPD | Date: 11-09-97<br>Rates: 93 mcf/gpd<br>0 BWPD<br>0 BOPD | Date: 11-23-97<br>Rates: 257 mcf/gpd<br>0 BWPD<br>0 BOPD |
| * If Producing, give date and oil/gas/water rates of recent test (within 60 days)   | Date: 2-05-00<br>Rates:                                   | Date:<br>Rates:   | Date:<br>Rates:  |
| 8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)   | Oil: 80% Gas: 80%   | Oil: 5% Gas: 5%   | Oil: 15% Gas: 15%  |

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 of Land Management has been notified in writing of the 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 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 Albert R. Stall TITLE Operations Engineer DATE 3/2/00

TYPE OR PRINT NAME Albert R. Stall TELEPHONE NO. (505)748-4174

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
811 South First St., Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd, Aztec, NM 87410  
DISTRICT IV  
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-107-A  
Revised August 1999

APPROVAL PROCESS:

Administrative  Hearing

EXISTING WELLBORE

YES  NO

APPLICATION FOR DOWNHOLE COMMINGLING

Yates Petroleum Corporation

105 South Fourth Street Artesia, NM 88210

Operator

Address

Big Freddy Unit

1

G 10-23S-22E

Eddy

Lease

Well No.

Unit Ltr.-Sec-Twp-Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 025575 Property Code 21717 API NO. 30-015-29734 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 Cisco  | Undesignated Strawn                                     | Undesignated Atoka                                       |
| 2. Top and Bottom of Pay Section (Perforations)   | 7368'-7384'   | 8671'-8677'   | 9125'-9199'  |
| 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.  | a.  | a.   |
| Oil Zones - Artificial Lift:<br>Estimated Current   | 260 psi FTP (no recent BHP measurement available)         |   |  |
| Gas & Oil - Flowing:<br>Measured Current  | b. (Original p* = 3942 from DST Analysis                  | b. 3769 (est)   | b. 3971 (est)  |
| All Gas Zones:<br>Estimated or Measured Original  |   |   |  |
| 6. Oil Gravity (EAPI) or Gas BTU Content  | No Sample   | No Sample   | No Sample  |
| 7. Producing or Shut-In?  | Shut-In   | Shut-In   | Shut-In  |
| Production Marginal? (yes or no)  | No  | Yes   | Yes  |
| * If Shut-In, give date and oil/gas/water rates of last production<br><small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting date</small> | Date: 11-26-97<br>Rates: 1377 mcf/gpd<br>0 BWPD<br>0 BOPD | Date: 11-09-97<br>Rates: 93 mcf/gpd<br>0 BWPD<br>0 BOPD | Date: 11-23-97<br>Rates: 257 mcf/gpd<br>0 BWPD<br>0 BOPD |
| * If Producing, give date and oil/gas/water rates of recent test (within 60 days)   | Date: 2-05-00<br>Rates:                                   | Date:<br>Rates:   | Date:<br>Rates:  |
|   | 110 mcf/d + 0 bopd + 0 bwpd (total commingled production) |   |  |
| 8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)   | Oil: 80% Gas: 80%   | Oil: 5% Gas: 5%   | Oil: 15% Gas: 15%  |

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 of Land Management has been notified in writing of the 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 working, overriding, and royalty interests for uncommon interest cases.
- \* Any additional statements, date, 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 Albert R. Stall TITLE Operations Engineer DATE 3/2/00

TYPE OR PRINT NAME Albert R. Stall

TELEPHONE NO. (505)748-4174