

DHC 2/25/99

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

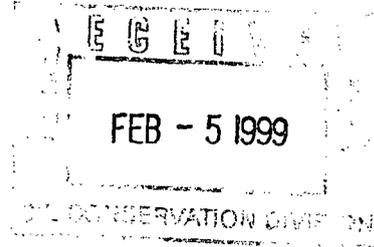


105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

2204

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

February 3, 1999



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

Dear Mr. Catanach,

Enclosed are the necessary documents for obtaining approval for the downhole commingling of the Loco ASI Federal Com #1 located in Unit L of Section 10, Township 18 South, Range 29 East, Eddy County.

Should you have any questions, feel free to contact me at (505) 748-4174. Thank you.

Sincerely,

*Ray Stall*  
Ray Stall  
Operations Engineer

RS/th

Enclosures

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1912 - 1985  
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TREASURER

February 3, 1999

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

Dear Mr. Gum,

Enclosed are the necessary documents for obtaining approval for the downhole commingling of the Loco ASI Federal Com #1 located in Unit L of Section 10, Township 18 South, Range 29 East, Eddy County.

Should you have any questions, feel free to contact me at (505) 748-4174. Thank you.

Sincerely,

Ray Stall  
Operations Engineer

RS/th

Enclosures

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	
Loco ASI Federal Com	1	L 10-18S-29E Eddy
Lease	Well No.	Unit Ltr. - Sec - Twp - Rge County
Spacing Unit Lease Types: (check 1 or more)		
OGRID NO. <u>025575</u>	Property Code <u>23180</u>	API NO. <u>30-015-30094</u> Federal <input checked="" type="checkbox"/> State <input type="checkbox"/> (and/or) Fee <input type="checkbox"/>

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Turkey Track Morrow, North 86500		Loco Hills Chester 96845
2. Top and Bottom of Pay Section (Perforations)	10,956'-11,005'		11,397'-11,409'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure  Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current)	a.	a. (Current) <b>To be Measured Before Morrow Completion</b>
	b. (Original) <b>4000 psi</b> Estimated from YPC Arenas ARI #1 in Sec. 15-18S-29E	b.	b. (Original) <b>4200</b> Estimated
6. Oil Gravity ( API) or Gas BTU Content	1143 BTU Estimated from YPC Arenas ARI #1 in Sec. 15-18S-29E		1200 BTU
7. Producing or Shut-In?	Not Completed		Producing
Production Marginal? (yes or no)	Unknown		No
* 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: <b>Not Completed</b>	Date: <b>Not Completed</b>	Date: <b>Not Completed</b>
	Rates:	Rates:	Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: <b>Not Completed</b>	Date: <b>Not Completed</b>	Date: <b>01-28-99</b>
	Rates:	Rates:	Rates: <b>11 BOPD</b> <b>0 BWPD</b> <b>604 MCFGPD</b>
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

\*\*\* Allocation Formula will be Provided when Morrow is Completed \*\*\*

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 2/3/99

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

---

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number 30-015-30094		2 Pool Code 86500		3 Pool Name Turkey Track Morrow, North	
4 Property Code 23180		5 Property Name Loco ASI Federal Com			6 Well Number 1
7 OGRID No. 025575		8 Operator Name Yates Petroleum Corporation			9 Elevation 3486

10 Surface Location

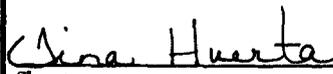
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	10	18S	29E		1650	South	1200	West	Eddy

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 320	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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>   Signature Tina Huerta Printed Name Operations Technician Title 2-3-99 Date
				18 SURVEYOR CERTIFICATION <i>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.</i>  REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number

Production curve for this zone is not available, it has not yet been completed.

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-30094		2 Pool Code 96845		3 Pool Name Loco Hills Chester	
4 Property Code 23180		5 Property Name Loco ASI Federal Com			6 Well Number 1
7 OGRID No. 025575		8 Operator Name Yates Petroleum Corporation			9 Elevation 3486

10 Surface Location

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					REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyer:
					Certificate Number

Date: 02/01/99  
Time: 16:10:58

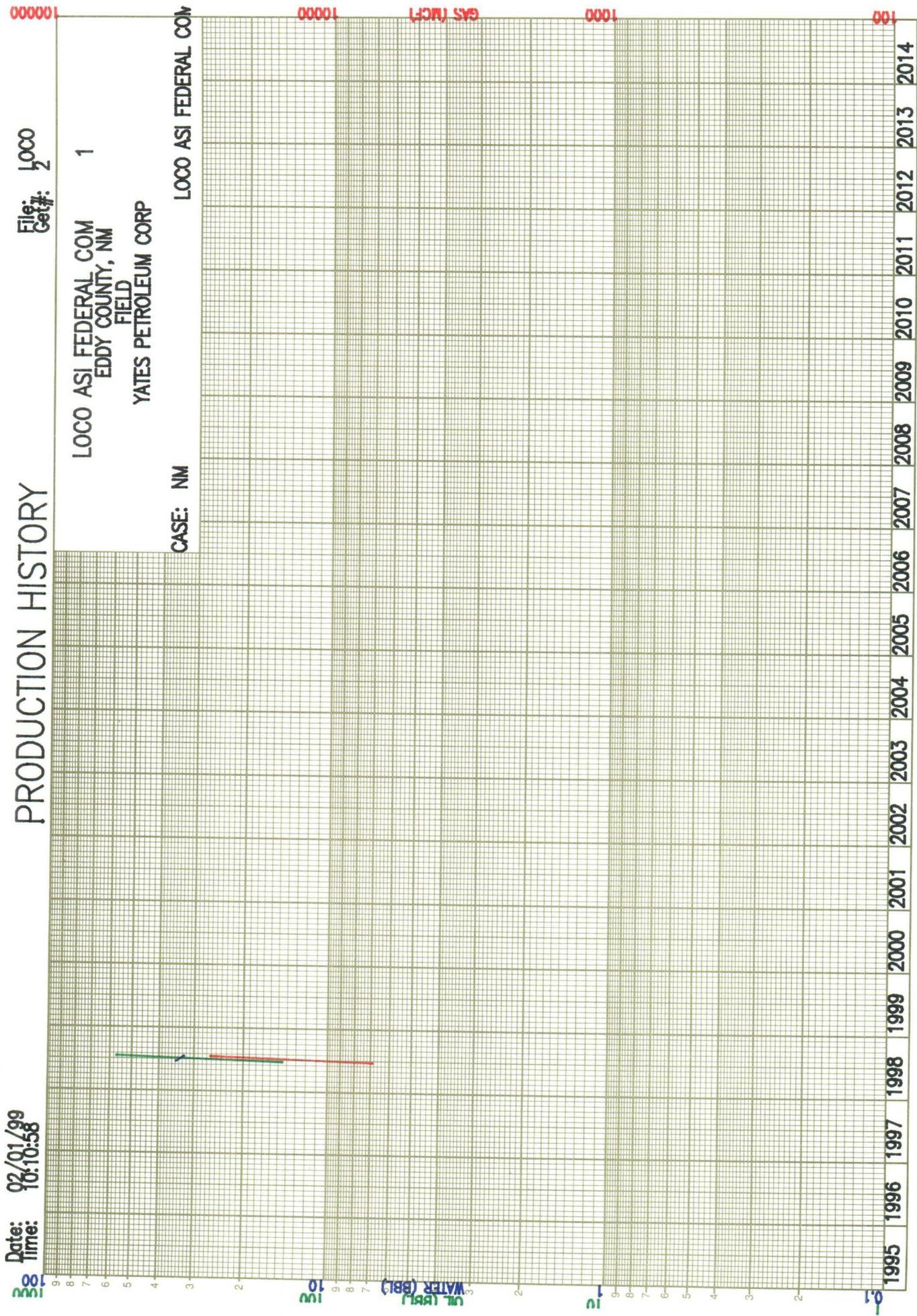
File: LOCO  
Get#: 2

# PRODUCTION HISTORY

LOCO ASI FEDERAL COM 1  
EDDY COUNTY, NM  
FIELD  
YATES PETROLEUM CORP

CASE: NM

LOCO ASI FEDERAL COM



CUMULATIVE OIL (BBL)=

673.

DPC & A

YEARS

SL 20 3 3

CUMULATIVE GAS (MCF)=

31425.

**YATES PETROLEUM CORPORATION**  
**APPLICATION FOR ADMINISTRATIVE APPROVAL**  
**DOWNHOLE COMMINGLING**  
**LOCO ASI FEDERAL COM #1**  
**EDDY COUNTY, NEW MEXICO**

Enron Oil & Gas Co.  
P. O. Box 2267  
Midland, TX 79702

Oxy USA, Inc.  
P. O. Box 50250  
Midland, TX 79710-0250

Fair Oil, Ltd.  
P. O. Box 689  
Tyler, TX 75710

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February 3, 1999

Oxy USA, Inc.  
P. O. Box 50250  
Midland, TX 79710-0250

Ladies and Gentlemen,

Yates Petroleum Corporation has made an application for administrative approval for downhole commingling for the Loco ASI Federal Com #1 located in Unit L of Section 10, Township 18 South, Range 29 East, Eddy County. Please find a copy of application enclosed. This will serve as notification to an offset operator.

Should you have any questions, or need additional information, please call me at (505) 748-4174.

Sincerely,

A handwritten signature in cursive script that reads 'Ray Stall'.

Ray Stall  
Operations Engineer

RS/th

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