DHC 7/12/00

S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES

PRESIDENT

PEYTON YATES

EXECUTIVE VICE PRESIDENT

RANDY G. PATTERSON

DENNIS G. KINSEY

MARTIN YATES, 111 1912 - 1985 FRANK W. YATES 1936 - 1986



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

June 20, 2000

276

JUN 2 2 2000

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

Dear Mr. Catanach,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from Undesignated Upper Penn and Undesignated Strawn pools in ourAvenger AVG State #1 located in Unit K of Section 32, Township 20 South, Range 24 East, Eddy County.

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

Sincerely,

James M. Hill
Operations Engineer

JMH/th

Enclosures

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



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

CHAIRMAN OF THE BOARD
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SECRETARY
DENNIS G. KINSEY
TREASURER

S. P. YATES

June 20, 2000

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

Dear Mr. Gum,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from Undesignated Upper Penn and Undesignated Strawn pools in our Avenger AVG State #1 located in Unit K of Section 32, Township 20 South, Range 24 East, Eddy County.

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

Sincerely,

James M. Hill Operations Engineer

JMH/th

Enclosures

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

State of New Mexico

Form C-107A Revised May 15, 2000

District II

811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

TYPE OR PRINT NAME ______ James M. Hill

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco Santa Fe, New Mexico 87505

APPLICATION TYPE X Single Well Establish Pre-Approved Pools EXISTING WELLBORE

APPLICATION FOR DOWNHOLE COMMINGLING

_X_Yes ___No

Yates Petroleum Corporation Operator	105 South	Fourth Street								
Avenger AVG State	l K	32 – 20S – 24E	Eddy							
Lease		tion-Township-Range	County							
OGRID No. <u>025575</u> Propert	y Code <u>25705</u> API No. <u>30-</u>	015-21432 Lease Type:	Federal X State Fee							
DATA ELEMENT	UPPER ZONE	LOWER ZONE								
ool Name Undesignated Upper Penn Aire Undesignated Strawn										
Pool Code										
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)										
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)										
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1137 BTU		1089 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: Rates: 166 mcfd (estimated)	Date: Rates:	Date: Rates: 228 mcfd (estimated)							
Fixed Allocation Percentage (Note: If allocation is based upon something other	Oil Gas	Oil Gas	Oil Gas							
than current or past production, supporting data or explanation will be required.)	% %	% %	% %							
	ADDITION	NAL DATA								
Are all working, royalty and overrid If not, have all working, royalty and	ing royalty interests identical in all co overriding royalty interest owners be	ommingled zones? en notified by certified mail?	Yes X No							
Are all produced fluids from all commingled zones compatible with each other? Yes X No										
Will commingling decrease the value of production? YesNoX										
	with, state or federal lands, has either Management been notified in writing		Yes X No							
NMOCD Reference Case No. applic	cable to this well:									
Production curve for each zone of For zones with no production hit Data to support allocation metho Notification list of working, roya	ningled showing its spacing unit and a for at least one year. (If not available, story, estimated production rates and sod or formula. alty and overriding royalty interests for documents required to support com-	attach explanation.) supporting data. or uncommon interest cases.								
	PRE-APPRO	VED POOLS								
If application	is to establish Pre-Approved Pools, th	e following additional information w	rill be required:							
List of all operators within the prope	hole commingling within the proposed osed Pre-Approved Pools roposed Pre-Approved Pools were pro									
I hereby certify that the informat	ion above is true and complete to	the best of my knowledge and hel	ief							
SIGNATURE James 7		Operations Engineer								

_TELEPHONE NO. _ (505) 748-4219

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PO Box 1960, Hobbs, NM 82241-1986 District []

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

PO Drawer DD, Artesia, NM 28211-9719 District III 1000 Rio Brazos Rd., Aztec, NM 27410 District IV

K 32 20S 24E 1980 South 1980 11 Bottom Hole Location If Different From Surface		'Weil Number 1 'Elevation 3863'
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The Undesignated Upper Penn is a new zone and production curves are not available.

District I PO Box 1980, Hobbs, NM 88241-1980 District II PO Drawer DD, Artesia, NM 88211-9719 District III 1000 Rio Brazon Rd., Aztec, NM 87410

PO Box 2088, Santa Fe, NM 87504-2088

District IV

State of New Mexicon 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

MENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

A	Pl Numbe	2	¹ Pool Code			³ Pool Name							
30-015-21432 Undesignated Strawn													
Property C	* Property Code * Property Name * Weil Number									Wel Number			
2570.	•										1		
OGRID N	Vo.			-	, O ⁱ	perator	Name					' Elevation	
025575		Yates Petroleum Corporation									3863'		
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED													
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The Undesignated Strawn is a new zone and production curves are not available.

There are no working, royalty and overriding royalty interests in this well other than Yates Petroleum Corporation.

COMMISSIONER'S OFFICE Phone (505) 827-5760 Fax (505) 827-5766

ADMINISTRATION Phone (505) 827-5700 Fax (505) 827-5853

GENERAL COUNSEL Phone (505) 827-5713 Fax (505) 827-4262

PUBLIC AFFAIRS Phone (505) 827-1245 Fax (505) 827-5766



DHC - 2776 COMMERCIAL RESOURCES

Phone (505) 827-5724 Fax (505) 827-6157

MINERAL RESOURCES Phone (505) 827-5744 Fax (505) 827-4739

ROYALTY MANAGEMENT Phone (505) 827-5772 Fax (505) 827-4739

SURFACE RESOURCES Phone (505) 827-5793 Fax (505) 827-5711

New Mexico State Land Office Commissioner of Public Lands Ray Powell, M.S., D.V.M.

August 31, 2000

Yates Petroleum Corporation 105 South 4th Street Artesia, New Mexico 88210

Attn:

Mr. James M. Hill

Re:

Application for Downhole Commingling

Avenger "AVG" State Well No. 1 Unit Letter K, Section 32-20S-24E

Undesignated Upper Penn and Undesignated Strawn Pools

Eddy County, New Mexico

Dear Mr. Hill:

Your application to downhole commingle the Undesignated Upper Penn and Undesignated Strawn production from within the wellbore of the above-captioned well was received on August 9, 2000.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30.00 filing fee has been received.

Also, please submit a copy of the Oil Conservation Division's approval order.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M. COMMISSIONER OF PUBLIC LANDS

JAMI BAILEY, Director

Oil, Gas and Minerals Division

(505) 827-5744

RP/JB/cpm Enclosure

xc: Reader File

OCD-Attention: David Catanach, Ben Stone

WE WORK FOR EDUCATION
310 Old Santa Fe Trail, P. O. Box 1148 Santa Fe, New Mexico 87504-1148