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2/14/01

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



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

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

2879
RECEIVED
JAN 25 2001

January 19, 2001

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 Pecos Slope Abo and Undesignated Penn pools in our Morton SZ Federal Com #5 located in Unit J of Section 10, Township 8 South, Range 25 East, Chaves County.

If you have any questions or need additional information, please call me at (505) 748-4182. Thank you.

Sincerely,

James W. Pringle
Operations Engineer

JWP/sd

Enclosures

xc: NMOCD - Artesia

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TREASURER

January 19, 2001

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 Pecos Slope Abo and Undesignated Penn pools in our Morton SZ Federal Com #5 located in Unit J of Section 10, Township 8 South, Range 25 East, Chaves County.

If you have any questions or need additional information, please call me at (505) 748-4182. Thank you.

Sincerely,

A handwritten signature in cursive script that reads 'James W. Pringle'.

James W. Pringle
Operations Engineer

JWP/sd

Enclosures

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87505

25 2001

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
 EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Yates Petroleum Corporation 105 South Fourth Street
Operator Address

Morton SZ Fed Com 5 J 10 - 8S - 25E Chaves
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 025575 Property Code _____ API No. 30-005-63242 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Pecos Slope Abo		Undesignated Penn
Pool Code	82730		89451
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3684-3993'		5041-5143'
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)	1065 BTU		1015 BTU
Producing, Shut-In or New Zone	Producing		Producing
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: 01/16/01 Rates: 435 mcf/d	Date: Rates:	Date: 01/08/01 Rates: 248 mcf/d
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas % 64 %	Oil Gas % %	Oil Gas % 36%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No _____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes _____ No _____

Are all produced fluids from all commingled zones compatible with each other? Yes No _____

Will commingling decrease the value of production? Yes _____ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No _____

NMOCD Reference Case No. applicable to this well: _____

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, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE James W. Pringle TITLE Operations Engineer DATE January 19, 2001

TYPE OR PRINT NAME James W. Pringle TELEPHONE NO. (505) 748-4182

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

API Number 30-005-63242		Pool Code 82730	Pool Name Pecos Slope Abo
Property Code	Property Name Morton SZ Federal		Well Number 5
OGRID No. 025575	Operator Name Yates Petroleum Corporation		Elevation 3623

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
J	10	8S	25E		1980	South	1980	East	Chaves

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.
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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. <i>Stormi Davis</i> Signature Stormi Davis Printed Name Operations Technician Title January 19, 2001 Date

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

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1000 Rio Brazos Rd., Aztec, NM 87418

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Form C-102
Revised February 10, 199-

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State Lease - 4 Copies
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 AFI Number 30-005-63242		2 Pool Code 89451		3 Pool Name Undesignated Penn	
4 Property Code		5 Property Name Morton SZ Federal			6 Well Number 5
7 OGRID No. 025575		8 Operator Name Yates Petroleum Corporation			9 Elevation 3623

10 Surface Location

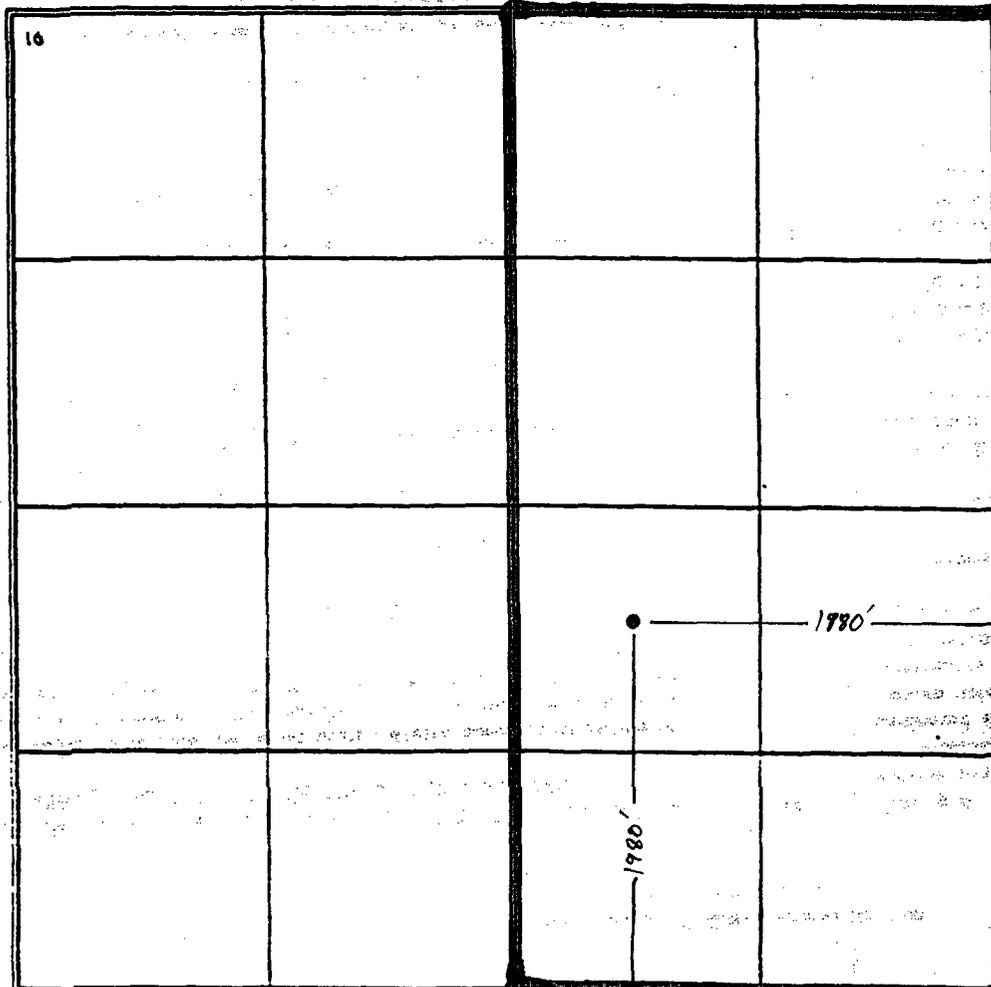
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Stormi Davis
Signature
Stormi Davis
Printed Name
Operations Technician
Title
January 19, 2001
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 Surveyer:
Certificate Number

Production curves for the Pecos Slope Abo and the Undesignated Penn are not available.