

24 May 07

W. Jones  
ENGINEER

24 May 07  
LOGGED IN

DHC  
TYPE

PLP0714446917  
APP NO

3899

REGULATORY USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



### ADMINISTRATIVE APPLICATION CHECKLIST

CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

**1. TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

[D] Other: Specify \_\_\_\_\_

**2. NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

**3. SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

**4. CERTIFICATION:** I hereby certify that the information submitted with this application for administrative review is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Signature

Date

Title

Printed Address

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

District II  
1301 W. Grand Avenue, Artesia, NM 88210

**Oil Conservation Division**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

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

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

**APPLICATION FOR DOWNHOLE COMMINGLING**

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM 88210

Operator

Address

*DHC-3899*

Ingram Jackson BV #7

Unit G - Section 26 - 17S-25E

Eddy

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 025575 Property Code 032950 API No. 30-015-22789 Lease Type: Federal State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<i>Upper Eagle Creek</i> <del>Wildcat, Upper Penn</del> <i>Penn Penn Gas</i>		Eagle Creek; Atoka-Morrow, E
Pool Code	<i>76250</i> <del>96072</del>		76240 <input checked="" type="checkbox"/>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6,516-6,586'		8,030-8,245'
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)	1156		1156
Producing, Shut-In or 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: New Zone Rates:		Date: 4/30/07 0 BO Rates: 0 BW 21 MCF
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 Allocation % will be submitted when completed		Oil Gas Allocation % will be submitted when completed

**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.

**RECEIVED**

**PRE-APPROVED POOLS**

JUN 04 2007

If application is to establish Pre-Approved Pools, the following additional information is 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.

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

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

SIGNATURE *Shannon Moss* TITLE Operations Engineer DATE 5/30/07

TYPE OR PRINT NAME Shannon Moss TELEPHONE NO. (505) 748-4209

E-MAIL ADDRESS shannonm@ypcnm.com

**Jones, William V., EMNRD**

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**From:** Jones, William V., EMNRD  
**Sent:** Friday, May 25, 2007 11:17 AM  
**To:** 'shannonm@ypcnm.com'  
**Cc:** Ezeanyim, Richard, EMNRD  
**Subject:** DHC Applications: Ingram Jackson BV #7 and Arco EC State #2

Hello Shannon and Debbie:  
(I did not have Debbie's email address)

All I received for justification of this is the C-107A form. We normally require the C-107A to be completed and the C-102s and a brief writeup of justification or reasoning.

Please fax or mail the C-102s or proposed C-102s showing spacing units and orientation for both Pools to be commingled in each of these wells. The writeup can be very brief i.e. only one page on which you talk about the estimated reserves (rough as from log calculations) for each interval and the need to downhole commingle (for example: DHC is needed to prevent waste and enable the well to produce longer, neither zone would be damaged from this commingle, etc). Please also send the estimated pre-completion or actual gas btu of each Pool - that was missing from the C-107A. If you now have the test data for the new zone, send it also.

After receiving the data requested, we can process these permit applications and get them back to Yates.

Thank You,

William V. Jones PE  
New Mexico Oil Conservation Division  
1220 South St. Francis  
Santa Fe, NM 87505  
505-476-3448

5/30/2007

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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

**ATTACHMENT A**

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-22789	<sup>2</sup> Pool Code 96072	<sup>3</sup> Pool Name Wildcat; Upper Penn
<sup>4</sup> Property Code 010580	<sup>5</sup> Property Name Ingram Jackson BV	
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name Yates Petroleum Corporation	<sup>6</sup> Well Number #7
		<sup>9</sup> Elevation 3,387

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	26	17S	25E		1,980'	North	1,980'	East	Eddy

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

	<p><sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Debbie Chavez</i> Signature</p> <p>Debbie Chavez Printed Name</p> <p>Engineering Technician</p> <p>Title and E-mail Address May 10, 2007</p> <p>Date</p>
	<p><sup>18</sup> 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.</p> <p>Refer to Original Plat</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

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1220 South St. Francis Dr.  
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Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-22789	<sup>2</sup> Pool Code 76240	<sup>3</sup> Pool Name Eagle Creek; Atoka-Morrow, E
<sup>4</sup> Property Code 010580	<sup>5</sup> Property Name Ingram Jackson BV	
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name Yates Petroleum Corporation	<sup>6</sup> Well Number #7
		<sup>9</sup> Elevation 3,387

<sup>10</sup> Surface Location

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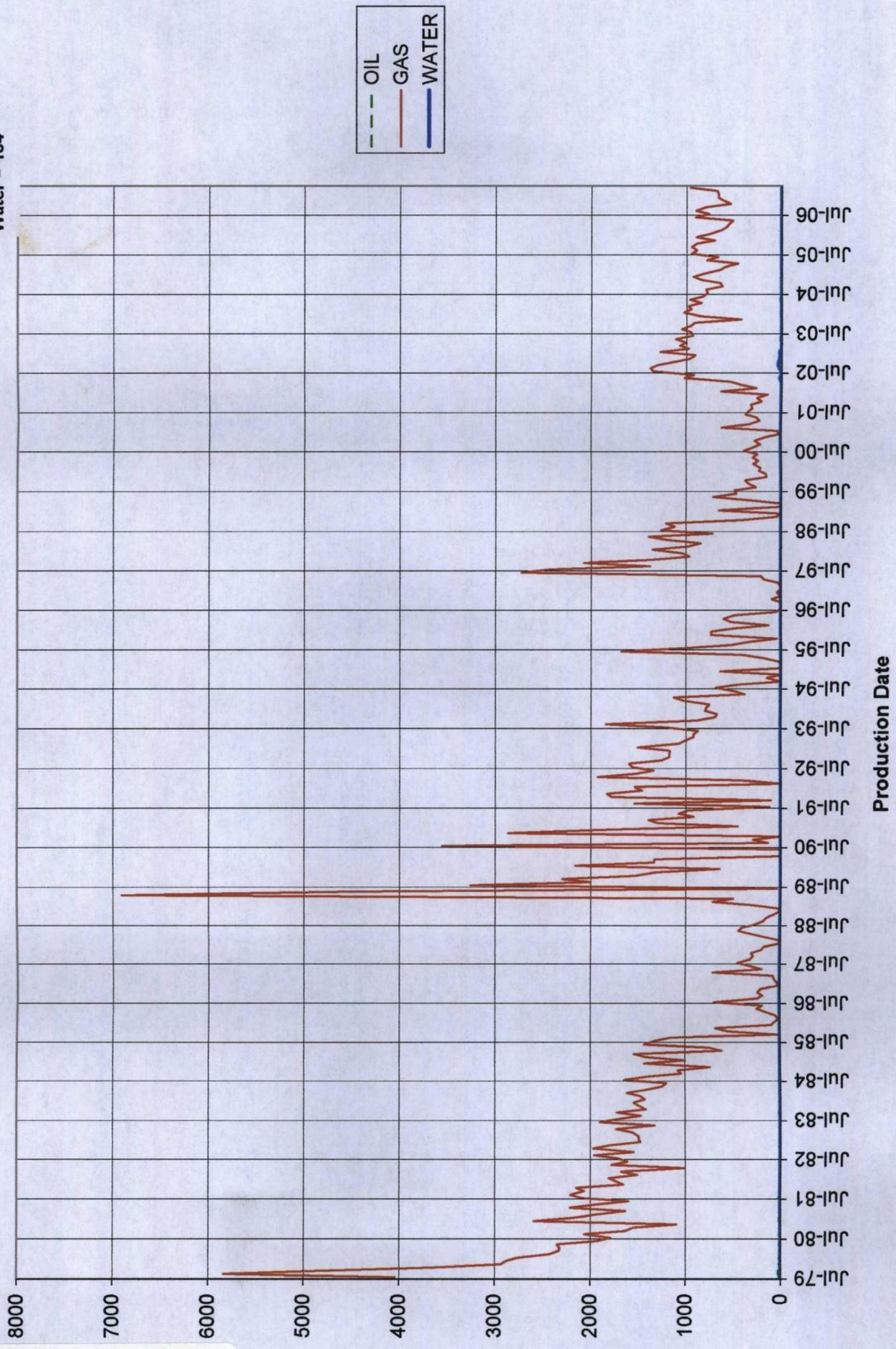
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> <i>Debbie Chavez</i> Signature
	Debbie Chavez Printed Name Engineering Technician Title and E-mail Address May 10, 2007 Date
	<sup>18</sup> 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

Cum Monthly Prod:  
Oil = 390  
Gas = 321,297  
Water = 184

INGRAM JACKSON BV #7 (032950-007)

ATTACHMENT B



The Wildcat; Upper Penn is a new zone and production curves are not available.

## ATTACHMENT C

To Whom It May Concern:

The Arco EC #2 is making 24 mcf (1100 btu gas) from the Strawn. The proposed Cisco interval will also be 1100 btu gas and I estimate will contribute an additional 200 mcf.

The Ingram Jackson BV #7 is making 23 mcf (1100 btu gas) from the Atoka/Morrow pool. The proposed Cisco interval will also be 1100 btu gas and I estimate will contribute an additional 200 mcf.

The DHC is needed to prevent waste and enable higher cums with extended well life. These intervals are compatible and neither will be damaged by the proposed commingle. Thank you.



**Shannon Moss**

**Area Engineer**

**Work - 505-748-4209**

**Cell- 505-365-5214**