

ABOVE THIS LINE FOR DIVISION USE ONLY

3903

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



ADMINISTRATIVE APPLICATION CHECKLIST

THIS 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 approval 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.

Print or Type Name	Signature	Title	Date

e-mail Address			

District I

1625 N. French Drive, Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

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

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-107A

Revised June 10, 2003

RECEIVED

JUN 18 2007

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

APPLICATION FOR DOWNHOLE COMMINGLING

Oil Conservation Division

1220 S. St. Francis Drive

Santa Fe, NM 87505

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM 88210

Operator Ernest AUQ #1 Unit L - Section 35 - 17S-25E Address 105 South Forth Street, Artesia, NM 88210 Eddy DHG-3903

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

OGRID No. 025575 Property Code 024505 API No. 30-015-30950 Lease Type: Federal State X Fee

Table with 4 columns: DATA ELEMENT, UPPER ZONE, INTERMEDIATE ZONE, LOWER ZONE. Rows include Pool Name (Permo-Pond, Eagle Creek, Wildcat, Cisco), Pool Code (70760), Top and Bottom of Pay Section (6,496-6,660', 8,427-8,760'), Method of Production (Flowing), Bottomhole Pressure, Oil Gravity or Gas BTU (1100 BTU), Producing, Shut-In or New Zone (New Zone), Date and Oil/Gas/Water Rates of Last Production (Date: 5/31/07, 0 BOPD, Rates: 0 BWPD, 42 MCFPD), Fixed Allocation Percentage.

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? 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? Yes No X

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 X 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.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.

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 Shannon Moss TITLE Operations Engineer DATE 6/14/07

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

E-MAIL ADDRESS shannonm@ypcnm.com

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986



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

S. P. YATES
CHAIRMAN EMERITUS
JOHN A. YATES
CHAIRMAN OF THE BOARD
PEYTON YATES
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EXECUTIVE VICE PRESIDENT
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RECEIVED

JUN 18 2007

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

June 14, 2007

Will Jones
State of New Mexico
OIL CONSERVATION DIVISION
1220 South Saint Francis Drive
Santa Fe, NM 87505

Re: Ernest AUQ #1

Dear Mr. Jones

Enclosed please find a copy of form C-107A (Application for Downhole Commingling) on Yates Petroleum Corporation Ernest AUQ #1 of 35-17S-25E, Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4361.

Sincerely,

Debbie Chavez
Engineering Technician

Enclosure(s)

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
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1000 Rio Brazos Rd., Aztec, NM 87410
District IV
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State of New Mexico **ATTACHMENT A**
Energy, Minerals & Natural Resources
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-30950		² Pool Code 70760		³ Pool Name Atoka; Morrow, W.	
⁴ Property Code 024505		⁵ Property Name Ernest AUQ			⁶ Well Number #1
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3,504'

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	35	17S	25E		1,980'	South	990'	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.
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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

	<p>¹⁷ 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</p> <p>May 23, 2007 Date</p>		
	<p>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.</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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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

¹ API Number 30-015-30950		² Pool Code	³ Pool Name Wildcat; Cisco
⁴ Property Code 024505	⁵ Property Name Ernest AUQ		⁶ Well Number #1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation		⁹ Elevation 3,504'

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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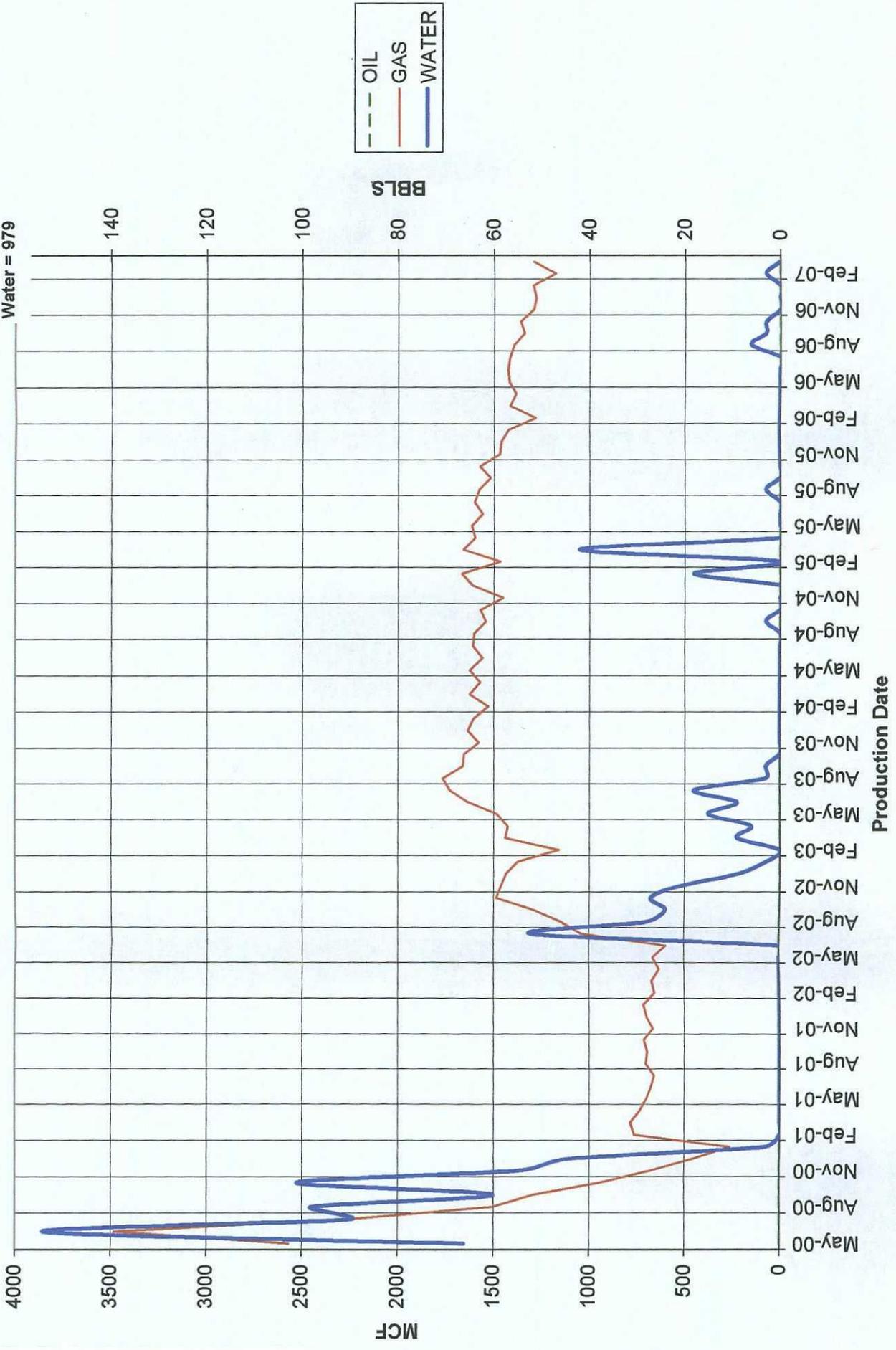
ERNEST AUQ #1 (024505-001)

Cum Monthly Prod:

Oil = 0

Gas = 109,314

Water = 979



ATTACHMENT C

To Whom It May Concern:

The Ernest AUQ #1 (S35 – T17S – R25E, 1980' FSL & 990' FWL) is making 42 mcf/d (1100 btu gas) from the Eagle Creek Atoka/Morrow pool. The proposed Cisco interval (Eagle Creek Permo Penn) will also be 1100 btu gas and I estimate will contribute an additional 300 mcf/d.

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.