

ABOVE THIS LINE FOR DIVISION USE ONLY

**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

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 Drive  
Santa Fe, New Mexico 87505

**RECEIVED**  
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  
Oil Conservation Division  
1220 S. St. Francis Drive

Operator Yates Petroleum Corporation Address 105 South Forth Street, Artesia, NM 88210

Allied AUS State #2 Unit L - Section 33 - 9S-26E Chaves

Lease Allied AUS State #2 Well No. 25921 Unit Letter-Section-Township-Range L-33-9S-26E County Chaves

OGRID No. 025575 Property Code 25921 API No. 30-005-63287 Lease Type: Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Foor Ranch; Wolfcamp <input checked="" type="checkbox"/>		Foor Ranch; Pre-Permian <input checked="" type="checkbox"/>
Pool Code	76750 <input checked="" type="checkbox"/>		76730 <input checked="" type="checkbox"/>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5,360-5394'		5,850-5,930'
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)	1114		1084
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: 6/30/07 18 MCF Rates: 0 BW 0 BO		Date: 6/30/07 26 MCF Rates: 0 BW 0 BO
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.

**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 Margrethe J. Hotter TITLE Operations Engineer DATE 7/5/07

TYPE OR PRINT NAME Margrethe Hotter TELEPHONE NO. (505) 748-4165

E-MAIL ADDRESS mhotter@ypcnm.com

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

# ATTACHMENT A

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

<sup>1</sup> API Number <b>30-005-63287</b>	<sup>2</sup> Pool Code <b>76730</b>	<sup>3</sup> Pool Name <b>Foor Ranch; Pre-Permian</b>
<sup>4</sup> Property Code <b>25921</b>	<sup>5</sup> Property Name <b>Allied AUS State</b>	
<sup>7</sup> OGRID No. <b>025575</b>	<sup>8</sup> Operator Name <b>Yates Petroleum Corporation</b>	
		<sup>6</sup> Well Number <b>#2</b>
		<sup>9</sup> Elevation <b>3,775</b>

### <sup>10</sup> Surface Location

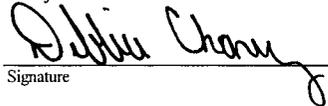
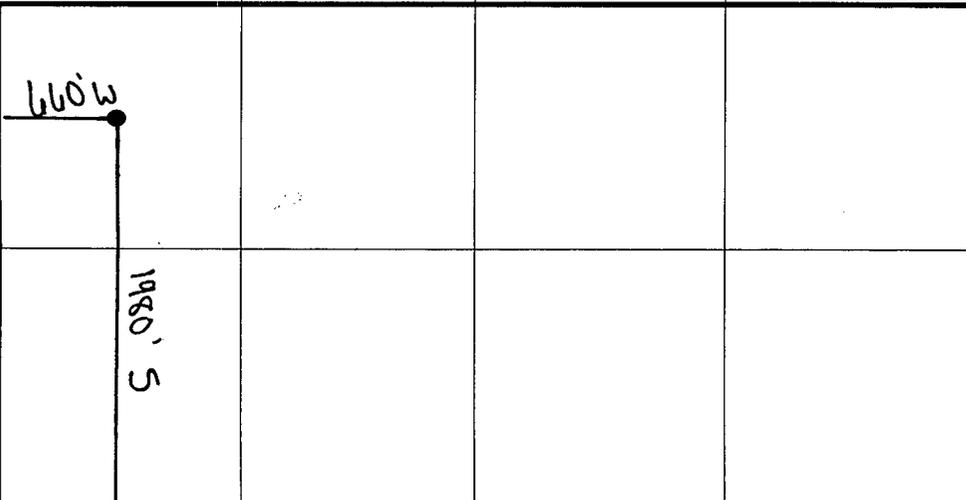
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>L</b>	<b>33</b>	<b>9S</b>	<b>25E</b>		<b>1,980'</b>	<b>South</b>	<b>660'</b>	<b>West</b>	<b>Chaves</b>

### <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 <b>320</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

				<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.  Signature
				Debbie Chavez Printed Name Engineering Technician Title and E-mail Address July 5, 2007 Date
				<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. Refer to Original Plat
				Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

District I  
1625 N. French Dr., Hobbs, NM 88240  
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1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

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**

<sup>1</sup> API Number <b>30-005-63287</b>		<sup>2</sup> Pool Code <b>76750</b>		<sup>3</sup> Pool Name <b>Foor Ranch; Wolfcamp</b>	
<sup>4</sup> Property Code <b>25921</b>		<sup>5</sup> Property Name <b>Allied AUS State</b>			<sup>6</sup> Well Number <b>#2</b>
<sup>7</sup> OGRID No. <b>025575</b>		<sup>8</sup> Operator Name <b>Yates Petroleum Corporation</b>			<sup>9</sup> Elevation <b>3,775</b>

<sup>10</sup> Surface Location

UL or lot no. <b>L</b>	Section <b>33</b>	Township <b>9S</b>	Range <b>25E</b>	Lot Idn	Feet from the <b>1,980'</b>	North/South line <b>South</b>	Feet from the <b>660'</b>	East/West line <b>West</b>	County <b>Chaves</b>
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<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 <b>320</b>	<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 Title and E-mail Address</p> <p>July 5, 2007 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. Refer to Original Plat</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>			

# ATTACHMENT B

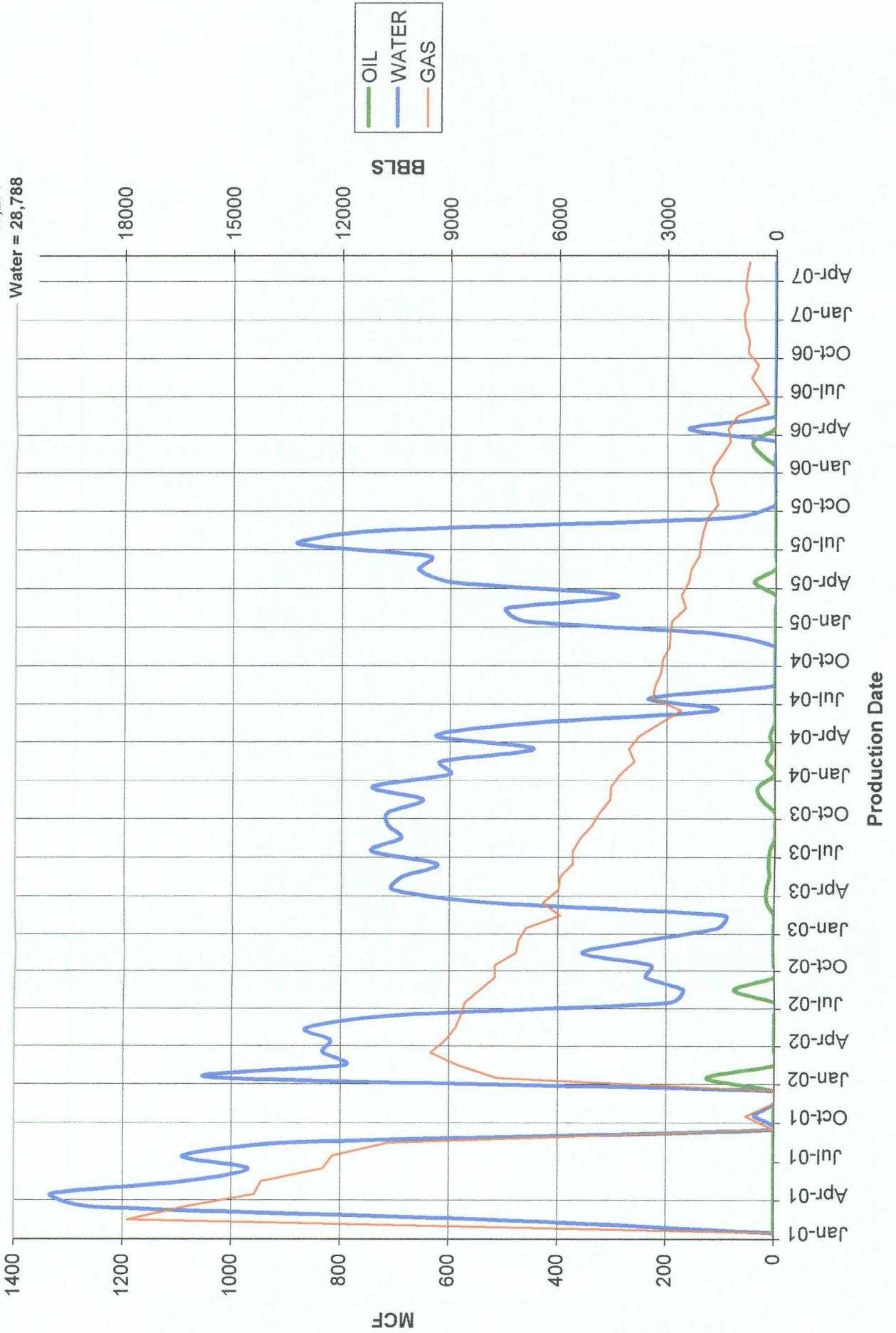
## ALLIED AUS STATE #2 (011273-002) - PRE-PERMIAN

Cum Monthly Prod:

Oil = 448

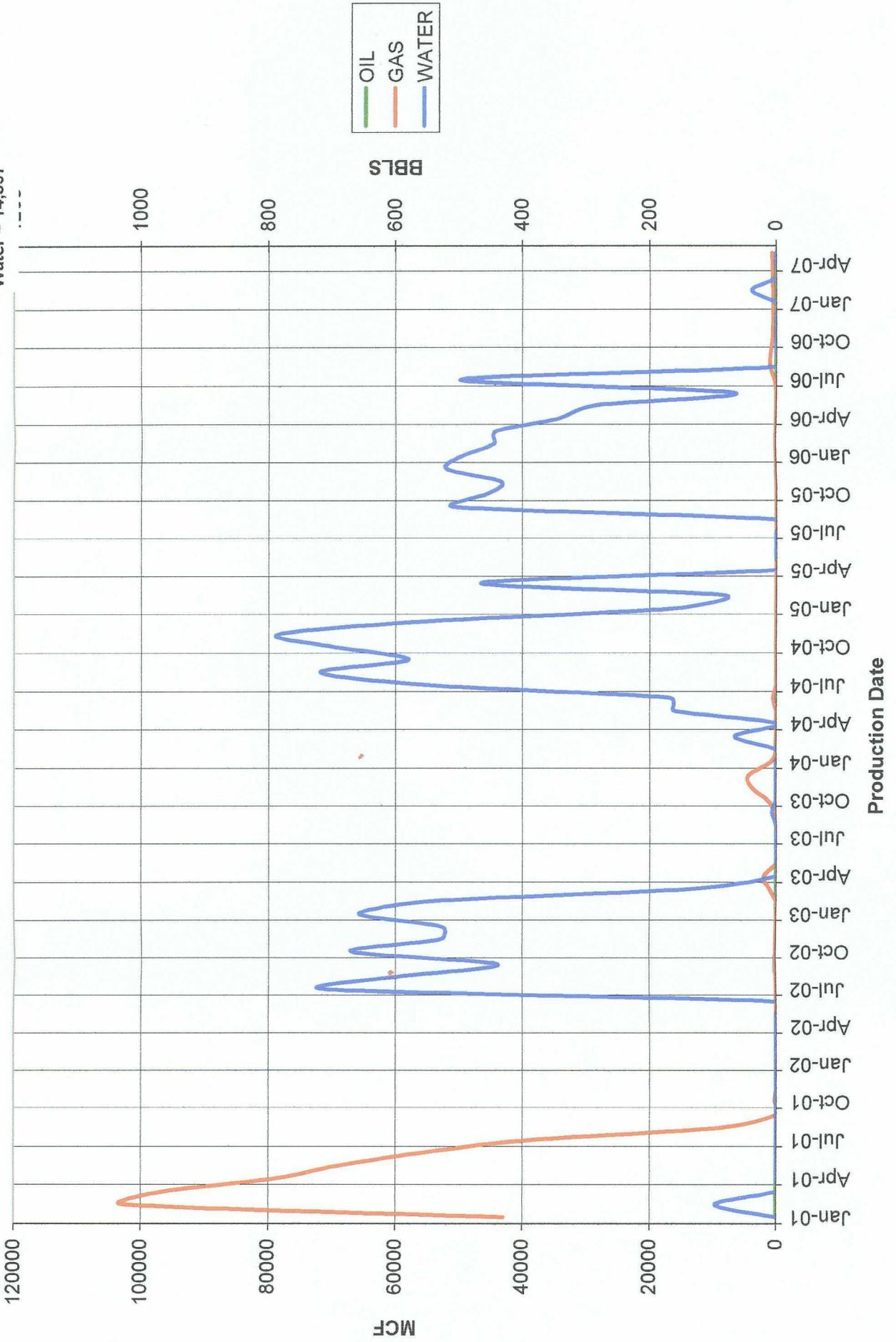
Gas = 346,278

Water = 28,788



# ALLIED AUS STATE #2 (011273-002) - WOLFCAMP

Cum Monthly Prod:  
Oil = 234  
Gas = 514,747  
Water = 14,397



## ATTACHMENT C

Allied AUS St #2  
Unit L, Sec 33 9S 26E  
Chaves County, NM

Ordovician : 5850-60', 5870-80, 5886-92, 5900-06, 5918-30 : Pre-Permian pool, Foor Ranch Field  
Wolfcamp : 5360-70, 5390-94 : Wolfcamp pool, Foor Ranch Field

This well is dual completed, with Foor Ranch Ordovician producing up the tubing and Foor Ranch Wolfcamp up the casing. The well is produced naturally. The tubing keeps loading up with water and we have to swab it at times, swabbing about 30 bbls of water per day. The water is coming from the Ordovician. We would like to put a pump on this well, below the Ordovician perms, and pump the water up the tubing and commingle the gas from both zones up the annulus. We think that by putting the well on pump, we can get the water off and increase our gas production from the Ordovician zone.

The well has cum'ed a total of 682 BO, 861,025 Mcf, 43,185 BW  
Contribution from each zone is as following:  
Ordovician: 448 BO, 345,524 Mcf, 28,788 BW  
Wolfcamp: 234 BO, 514,117 Mcf, 14,397 BW

Currently the well is producing  
18 McfD from the Wolfcamp  
26 McfD from the Ordovician

Both the Wolfcamp and the Ordovician have had relatively flat production for the last year. Any additional production that will come from putting this well on pump will be coming from the Ordovician.

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  
PRESIDENT  
FRANK YATES, JR.  
EXECUTIVE VICE PRESIDENT  
JOHN A. YATES, JR.  
SENIOR VICE PRESIDENT

July 6, 2007

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

Re: Allied AUS State #2

Dear Mr. Jones

Enclosed please find a copy of form C-107A (Application for Downhole Commingling) on Yates Petroleum Corporation Allied AUS State #2 of 33-9S-26E, Chaves 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)