

11/7/03

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ENG. DIC

LOOSE DIC

TYPE
AMEND

P DIC 0332847973

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



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

NOV 7 2003

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November 4, 2003

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

RE: DHC -3159

Dear Mr. Catanach,

Please find enclosed an Amended C-107A for Yates Petroleum Corporation's Louise AYI #1 located in Unit I of Section 25, Township 21 South, Range 26 East, Eddy County. Administrative approval to downhole commingle the production from the Undesignated Northeast Happy Valley-Strawn (Gas-78075), Undesignated Crozier Bluff-Atoka (Gas-N/A) and the Undesignated Burton Flat-Morrow (Gas- 73280) was given on June 11th, 2003. Please note that the allocation formulas are now complete and on the amended C-107A.

Thank you for your patience, your consideration is appreciated. If you have any questions or need additional information, please call me at (505) 748-4164.

Sincerely,

Cherry Matchus

Cherry Matchus

JMH/cm

Enclosures

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

District II
811 South First Street, Artesia, NM 88210

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION TYPE

Single Well

District III
1000 Rio Brazos Road, Aztec, NM 87410

Establish Pre-Approved Pools

District IV
2040 South Pacheco, Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

Yes No

AMENDED

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210
Operator Address

Louise AYI 1 I 25 21S 26E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 025575 Property Code _____ API No. 30-015-31625 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Undesignated Northeast Happy Valley - Strawn	Undesignated Crozier Bluff-Atoka	Undesignated Burton Flat-Morrow
Pool Code			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10054-10184'	10484-10490' 10722-10858'	11342-11414' 11444-11470'
Method of Production (Flowing or Artificial Lift)	Flowing	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)	N/A	N/A	N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	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: 10/7/03 Rates 1250 mcf/d 39 bopd 0 bwpd	Date: 9/11/03 Rates: 183 mcf/d 3 bopd 6 bwpd	Date: 5/23/03 Rates: 678 mcf/d 0 bopd 26 bwpd
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 93% Gas 59%	Oil 7% Gas 9%	Oil % Gas 32%

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:

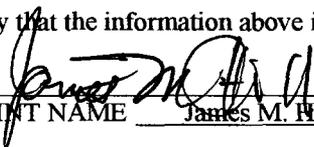
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation 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  TITLE Operations Engineer DATE November 4, 2003
TYPE OR PRINT NAME James M. Hill TELEPHONE NO. (505)-748-4129