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NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

2009 JUN 4 PM 1 19

1220 South St. Francis Drive, Santa Fe, NM 87505



30-025-00004

Dwight AZI State Com

Yates Petroleum
025575

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
X 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 X 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.

Sam Brandon

Sam Brandon

Area Engineer

6/2/09

Print or Type Name

Signature

Title

Date

sbrandon@yatespetroleum.com
e-mail Address

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

S. P. YATES
1914-2008



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

JOHN A. YATES
CHAIRMAN OF THE BOARD
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CHIEF FINANCIAL OFFICER

June 1, 2009

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

Dear Mr. Catanach,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from the Wildcat Abo and SRR Upper Penn pools in our Dwight AZI State Com No. 1 located in Unit P of Section 15, Township 9 South, Range 32 East, Lea County.

If you have any questions or need additional information, please call me at (575) 748-4281.

Sincerely,

A handwritten signature in cursive script that reads 'Sam Brandon'.

Sam Brandon
Area Engineer

SB

Enclosures

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

District III
1000 Rio Brazos Road, Aztec, NM 87410

Single Well

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

Establish Pre-Approved Pools
EXISTING WELLBORE

APPLICATION FOR DOWNHOLE COMMINGLING

X Yes ___ No

Yates Petroleum Corporation Operator 105 South 4th Street Artesia, NM 88210 Address **DHC-4195**

Dwight AZI State Com Lease 1 Well No. P Sec 15-9S-32E Unit Letter-Section-Township-Range Lea County

OGRID No. 025575 Property Code API No. 300-25-00004 Lease Type: Federal X State ___ Fee ___

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	FLYING M UNDES SOUTH Wildcat Abo OIL		SRR Upper Penn oil
Pool Code			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8151-8310		8821-9242
Method of Production (Flowing or Artificial Lift)	Artificial lift		Artificial lift
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)	NA		NA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	42 API, 1125 BTU		1100
Producing, Shut-In or 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: 5/20/09 Rates: 6 BO, 156mcf, 0 BW	Date: Rates	Date: 5/13/09 Rates: 219 MCF, 0 BO, 0 BW
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 100 % Gas 42 %	Oil % Gas %	Oil 0 % Gas 58 %

ADDITIONAL DATA

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

Will commingling decrease the value of production? Yes x 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 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. (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 Sam Brandon TITLE Area Engineer DATE 6/1/2009

TYPE OR PRINT NAME Sam Brandon TELEPHONE NO. (575) 748-4281

E-MAIL ADDRESS sbrandon@yatespetroleum.com

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
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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-00004	² Pool Code 24590	³ Pool Name Undes. Flying M; Abo, South (Oil)
⁴ Property Code 28068	⁵ Property Name Dwight AZI State Com	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁶ Well Number 1 ⁹ Elevation 4332' GR

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
P	15	9S	32E		660	South	660	East	Lea

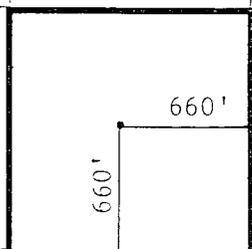
¹¹ Bottom Hole Location If Different From Surface

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 40	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				<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>Allison Barton</i> 4/30/09 Signature Date</p> <p>Allison Barton Printed Name</p>	
				<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><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></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>	
				<p>Certificate Number</p>	



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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-00004		² Pool Code 53230		³ Pool Name S.R.R.; Upper Penn (Oil)	
⁴ Property Code 28068		⁵ Property Name Dwight AZI State Com			⁶ Well Number 1
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 4332' GR

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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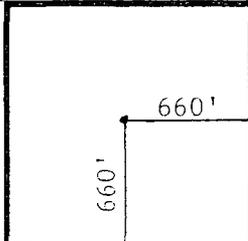
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				<p>Certificate Number: _____</p>	



Dwight AZI State Com No. 1

All zones are new. Production rates are based on either flow rates or, in the case of the Abo, on flow and swab rate.