

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

Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

District III
1000 Rio Brazos Road, Aztec, NM 87410

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

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

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: YATES PETROLEUM CORPORATION

OPERATOR ADDRESS: 105 S 4TH ST ARTESIA NM 88210

APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Has the Comm. of Public Lands (BLM) and State Land office (SLO) consented in writing to the proposed commingling Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

| (1) Pool Names and Codes | Gravities / BTU of Non-Commingled Production | Calculated Gravities / BTU of Commingled Production | Value of Non-Commingled Production | Calculated Value of Commingled Production | Volumes |
|--|--|---|------------------------------------|---|---------|
| <u>FEATHER / WOLF CAMP</u> <u>24210</u> | | | | | |
| <u>FEATHER / MORROW</u> <u>24190</u> | | | | | |

- (2) Are any wells producing at top allowables? Yes No
- (3) Are all working, royalty and overriding royalty interests common between pools? Yes No
- (4) Include proof of notice to all interests if the answer to No. 3 is "No".
- (5) Measurement type: Metering Well Test Subtraction Method
- (6) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code.
- (2) Is all production from same source of supply? Yes No
- (3) Are all working, royalty and overriding royalty interests common between leases? Yes No
- (4) Include proof of notice to all interests if the answer to No. 3 is "No".
- (5) Measurement type: Metering Well Test Subtraction Method (only when No. 3 is "Yes")

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
- (2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
- (2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
- (3) Lease Names, Lease and Well Numbers, and API Numbers.
- (4) If production is to be measured by well test, include testing frequency.

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

SIGNATURE: Mayte Reyes TITLE: PRODUCTION COORD DATE: 12-18-03
TYPE OR PRINT NAME: MAYTE REYES TELEPHONE NO: (505) 748-4213

ABOVE THIS LINE FOR DIVISION USE ONLY

DEC 23 2007

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 of 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.

MAYTE REYES Mayte Reyes PRODUCTION CLERK 12-18-03
 Print or Type Name Signature Title Date

MAYTER@YPC.COM
 e-mail Address

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., 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 and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

| |
|---|
| WELL API NO. 30-025-35377 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. VO-4837 |
| 7. Lease Name or Unit Agreement Name: Avian AYA State |
| 8. Well No. 1 |
| 9. Pool name or Wildcat Feather Wolfcamp |

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.
 USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
 Yates Petroleum Corporation

3. Address of Operator
 105 South Fourth Street, Artesia, NM 88210

4. Well Location
 Unit Letter P : 850' feet from the South line and 660' feet from the East line
 Section 20 Township 15S Range 32E NMPM Lea County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| | | | |
|---|--|---|---|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPLETION <input type="checkbox"/> | CASING TEST AND CEMENT JOB <input type="checkbox"/> | |
| OTHER: Off Lease Measurement & Surface Commingle Gas only <input checked="" type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Yates Petroleum Corporation respectfully requests approval for off lease measurement and surface commingle gas only the following wells:

Avian AYA State #1
 850' FSL & 660' FEL (Unit P)
 Section 20-T15S-R32E
 Formation: Feather/Wolfcamp 24210
 Lea County, New Mexico
 State Lease # VO-4837
 API # 30-025-35377

Red Tail AWR State #1
 1200' FNL & 990' FWL (Unit D)
 Section 28-T15S-R32E
 Formation: Feather Morrow 24190
 Lea County, New Mexico
 Federal Lease # E-8974
 API # 30-025-35180

The CDP is located at the Red Tail AWR State #1. Please see attached map and site facility diagram.

Total gas production & sales will be based on allocated chart intergration.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The purpose of the surface/pool commingling, lease commingling, off lease storage and measurement is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to built separate facilities for each well. This will greatly increase costs and shorten the economic life of the well.

The proposed commingling is necessary for economic operation of the above referenced leases

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

SIGNATURE Mayte Reyes TITLE Production Secretary DATE December 18, 2003

Type or print name Mayte Reyes Telephone No. (505) 748-4213

(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any:

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1999

Instruction on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

AM 82840

Artesia, NM 88210

Branch III
Branch Rd., Artesia, NM 87410

Branch IV
North Pacheco, Santa Fe, NM 87506

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------------------|--|------------------------------------|
| API Number 2-025-35180 | Pool Code / | Pool Name WILDCAT MISSISSIPPIAN |
| Property Code 6674 | Property Name RED TAIL "AWR" STATE COM. | Well Number 1 |
| OGHD No. 225578 | Operator Name YATES PETROLEUM CORPORATION | Elevation 4312 |

Surface Location

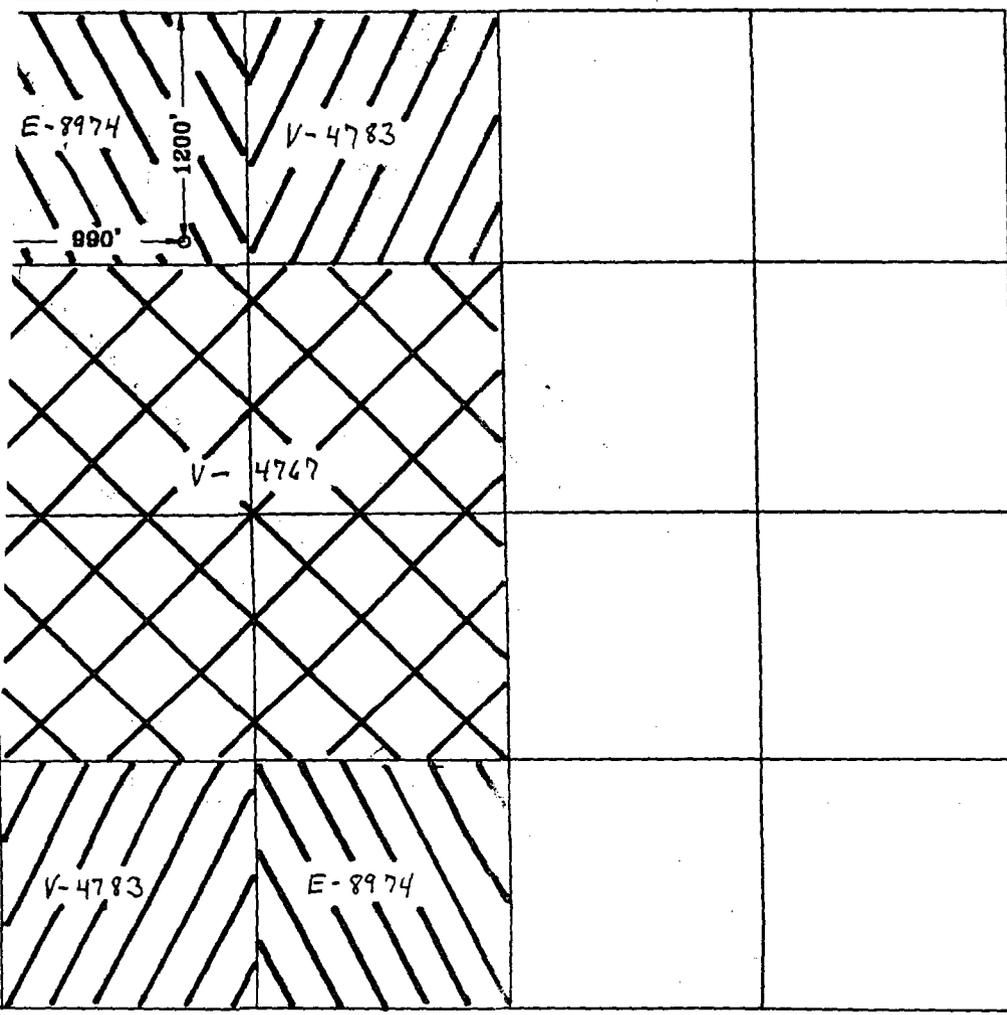
| Section | Township | Range | Lot Idn | Feet from the North/South line | Feet from the East/West line | County |
|---------|----------|-------|---------|--------------------------------|------------------------------|--------|
| D | 28 | 15S | 32E | 1200 | 990 | LEA |

Bottom Hole Location If Different From Surface

| Section | Township | Range | Lot Idn | Feet from the North/South line | Feet from the East/West line | County |
|---------|----------|-------|---------|--------------------------------|------------------------------|--------|
| | | | | | | |

| | | | |
|--------------|-----------------|--------------------|-----------|
| Acres 320 | Joint or Infill | Consolidation Code | 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



OPERATOR CERTIFICATION

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

Clifton R. May
Signature

Clifton R. May
Printed Name

Regulatory Agent
Title

September 21, 2000
Date

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.

9/08/2000
Date Surveyed

Herschel L. Jones
Signature & Seal of Professional Surveyor

HERSHEL L. JONES
NEW MEXICO
REG. NO. 3640
Certificate No. Herschel L. Jones RLS 3640
RED TAIL 1 DISK 33
GENERAL SURVEYING COMPANY

State of New Mexico

Geology, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1999

Instruction on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

Dr., Hobbs, NM 88240

CT II
1st First, Artesia, NM 88210

ICT III
Brazer Rd., Artesia, NM 87410

ICT IV
1sth Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------------------|--|------------------------------------|
| API Number 2-025-35377 | Pool Code ✓ | Pool Name WILDCAT MISSISSIPPIAN |
| Property Code 27178 | Property Name Avian "AYA" State | Well Number 1 |
| OGED No. 25595 | Operator Name Yates Petroleum Corporation | Elevation 4315' GL |

Surface Location

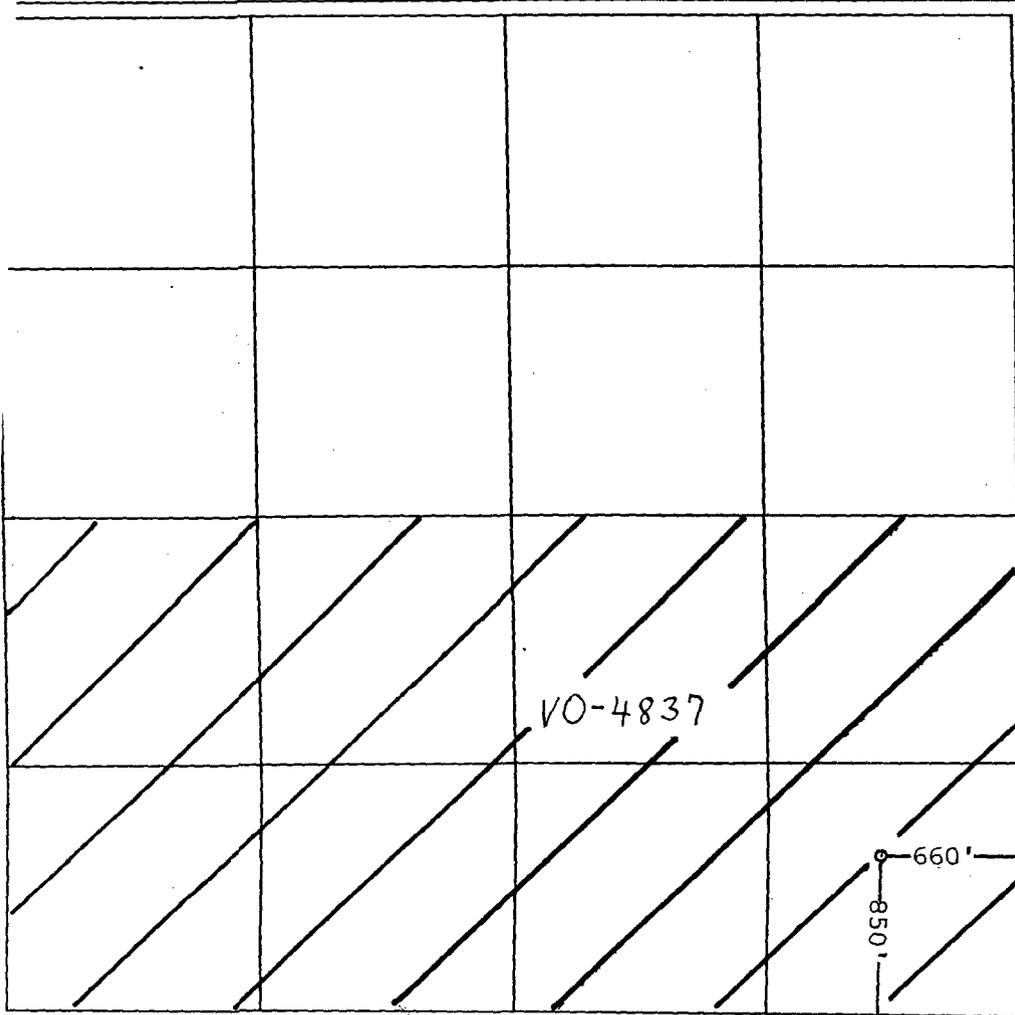
| or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P | 20 | 15S | 32W | | 850' | South | 660 | East | |

Bottom Hole Location If Different From Surface

| or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|------------------------|-----------------|--------------------|-----------|
| Indicated Acres 320 | Joint or Infill | Consolidation Code | 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



OPERATOR CERTIFICATION

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

Clifton R. May
Signature

CLIFTON R. MAY
Printed Name

REGULATORY AGENT
Title

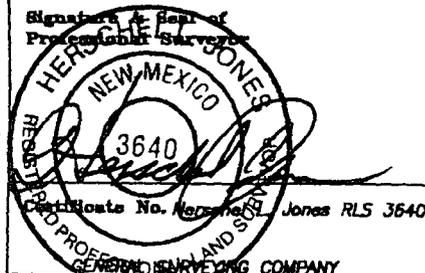
01/26/01
Date

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.

01/26/01
Date Surveyed

Signature of Registered Professional Surveyor



STATUS

=====

CO - Company Pay Code
 CP - Company Purchased Production
 CT - Company Tax Partnership Interest
 GC - City Government Interest
 GI - Federal Government Interest
 GS - State Government Interest
 GW - Wyoming State Government Interest

STATUS CONTINUED

=====

NP - Paid Direct
 PA - Pay
 SA - Unknown Address
 SD - Suspense - Waiting on Division Order
 SJ - Suspense - Delinquent JIB
 ST - Suspense - Title Requirement

Property: 047030
 Well: 001

YATES PETROLEUM CORPORATION

PROPERTY: Red Tail "AWR" State Com. #1
 NW/4 Section 28, T15S-R32E, NMPM
 Lea County, New Mexico

Division of Interest
 Effective: January 1, 2002

File No.: 402-4950-C
 sg

| OWNER NUMBER | OWNER NAME | BASIC INTEREST | TYPE | STATUS |
|--------------|------------------------------|----------------|------|--------|
| 192200 | COMMISSIONER OF PUBLIC LANDS | 0.1562500 | RI | GS |
| 473648 + | JETTA-X2, L.P. | 0.1093750 | WI | PA |
| 208300 | JOHN L. COX | 0.1093750 | WI | ST |
| 999900 | YATES PETROLEUM CORPORATION | 0.4375000 | WI | CO |
| 994100 | YATES DRILLING COMPANY | 0.0625000 | WI | PA |
| 005000 | ABO PETROLEUM CORPORATION | 0.0625000 | WI | PA |
| 640010 | MYCO INDUSTRIES, INC. | 0.0625000 | WI | PA |
| | | 1.0000000 | | |

+ Effective: First Sales to January 1, 2002

| | | | | |
|--------|---|-----------|----|----|
| 239002 | DEVON ENERGY PRODUCTION COMPAN' L.P. AN OKLAHOMA LIMITED PARTNERSHIP | 0.1093750 | WI | PA |
|--------|---|-----------|----|----|

Tammy R. Hughes
 Tammy R. Hughes, Associate Landman
 Yates Petroleum Corporation

12/15/03
 Date

STATUS

=====

CO - Company Pay Code
 CP - Company Purchased Production
 CT - Company Tax Partnership Interest
 GC - City Government Interest
 GI - Federal Government Interest
 GS - State Government Interest
 GW - Wyoming State Government Interest

STATUS CONTINUED

=====

NP - Paid Direct
 PA - Pay
 SA - Unknown Address
 SD - Suspense - Waiting on Division Order
 SJ - Suspense - Delinquent JIB
 ST - Suspense - Title Requirement

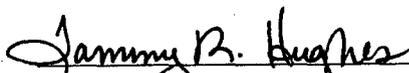
YATES PETROLEUM CORPORATION

Division of Interest Property: 012411
 Effective: First Sales Well: 001

PROPERTY: Avian "AYA" St. #1
 S/2 Sec. 20, T15S-R32E, NMPM
 Lea County, New Mexico

File No. 402-5054-B
 amk

| OWNER NUMBER | OWNER NAME | NET REVENUE INTEREST | TYPE | STATUS |
|--------------|------------------------------|----------------------|------|--------|
| 192200 | COMMISSIONER OF PUBLIC LANDS | 0.1666667 | RI | GS |
| 999900 | YATES PETROLEUM CORPORATION | 0.5833334 | WI | CO |
| 994100 | YATES DRILLING COMPANY | 0.0833333 | WI | PA |
| 005000 | ABO PETROLEUM CORPORATION | 0.0833333 | WI | PA |
| 640010 | MYCO INDUSTRIES, INC. | 0.0833333 | WI | PA |
| | | <u>1.0000000</u> | | |


 Tammy R. Hughes, Associate Landman
 Yates Petroleum Corporation

12/13/03
 Date

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Commissioner of Public Lands
 Attn: Pete Martinez
 P.O. Box 1148
 Santa Fe, NM 87504-1148

A. Received by (Please Print Clearly) _____ B. Date of Delivery _____

C. Signature _____
 Agent
 Addressee

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)

7000 0520 0017 1088 7217

PS Form 3811, July 1999 Domestic Return Receipt 102595-99-M-1789

PS Form 3800, February 2000 See Reverse for Instructions

City, State, ZIP+4
 Santa Fe, NM 87504-1148

Street, Apt. No., P.O. Box, etc.
 P.O. Box 1148

Recipient's Name (Print or Type)
 Attn: Pete Martinez
 Commissioner of Public Lands

Postage \$ _____
 Certified Fee _____
 Return Receipt Fee (Endorsement Required) _____
 Restricted Delivery Fee (Endorsement Required) _____
 Total Postage & Fees \$ _____

Postmark Here

AVIARU #1 & REOTAIL #1

U.S. Postal Service
 CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Attn: Pete Martinez
 P.O. Box 1148
 Santa Fe, NM 87504-1148

7000 0520 0017 1088 7217
 7000 0520 0017 1088 7217

GAS LINE (3" POLY) TO RETAIL METER

METER

GAS SALES

10" GAS
SEPAR.

INLET

OUTLET

HEAVY
DUTY
TRANSF.

WATER DUMP LINE

OIL FILL LINE

BS&W LINE

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60
70
80
90
100

LINE
HEAD

OIL
500

OIL
500

OIL
500

LOAD LINES

Flow Line

with
Head

1280 LUFKIN
MARK II

AVIAN "AYA" STATE #1



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

January 27, 2004

Ms. Mayte Reyes
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Re: Surface Commingling Application
Avian AYA State No. 1
Red Tail AWR State No. 1
T-15S, R-32E, NMPM

Dear Ms. Reyes:

I have reviewed your application to surface commingle Wolfcamp and Morrow production within the two wells described above. I have two questions with regards to this application:

- (1) Your application shows Devon Energy Production Company to be a working interest owner in the Red Tail AWR State No. 1; however, no notice was sent to this company. Please explain or clarify.
- (2) With regards to the measurement of gas, there does not appear to be an allocation meter for the Red Tail AWR Well No. 1. Please explain in detail how production is to be allocated between these two wells.

I will process your application upon receipt of the requested information.

If you have any questions, please call me at (505) 476-3466.

Sincerely,

David Catanach

Engineer

TO THE RIGHT OF RETURN ADDRESS

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Devon Energy Production Co, LP
 P.O. Box 84-3559
 Dallas Texas, 75284-3559

2. Article Number (Copy from service label)

7000 0520 0017 1088 8689

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

- Agent
 Addressee

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

bars

Mail or Priority Mail.
al mail.

Certified Mail. For

to provide proof of
and attach a Return
postage to cover the
ceive a fee waiver for
rtified Mail receipt is

to the addressee or
the mailpiece with the

please present the arti-
on the Certified Mail
e and mail.

making an inquiry.

102595-99-M-1938

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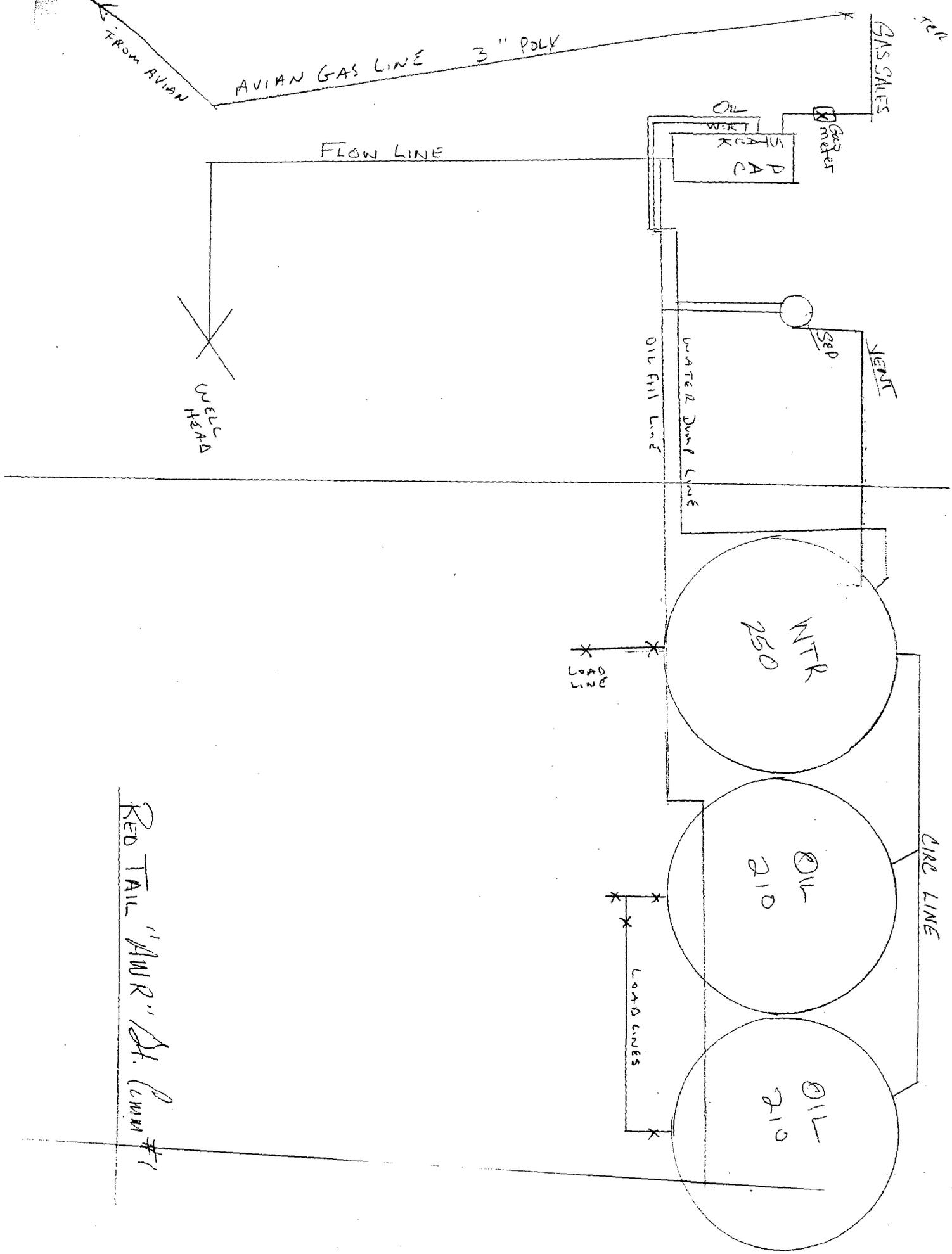
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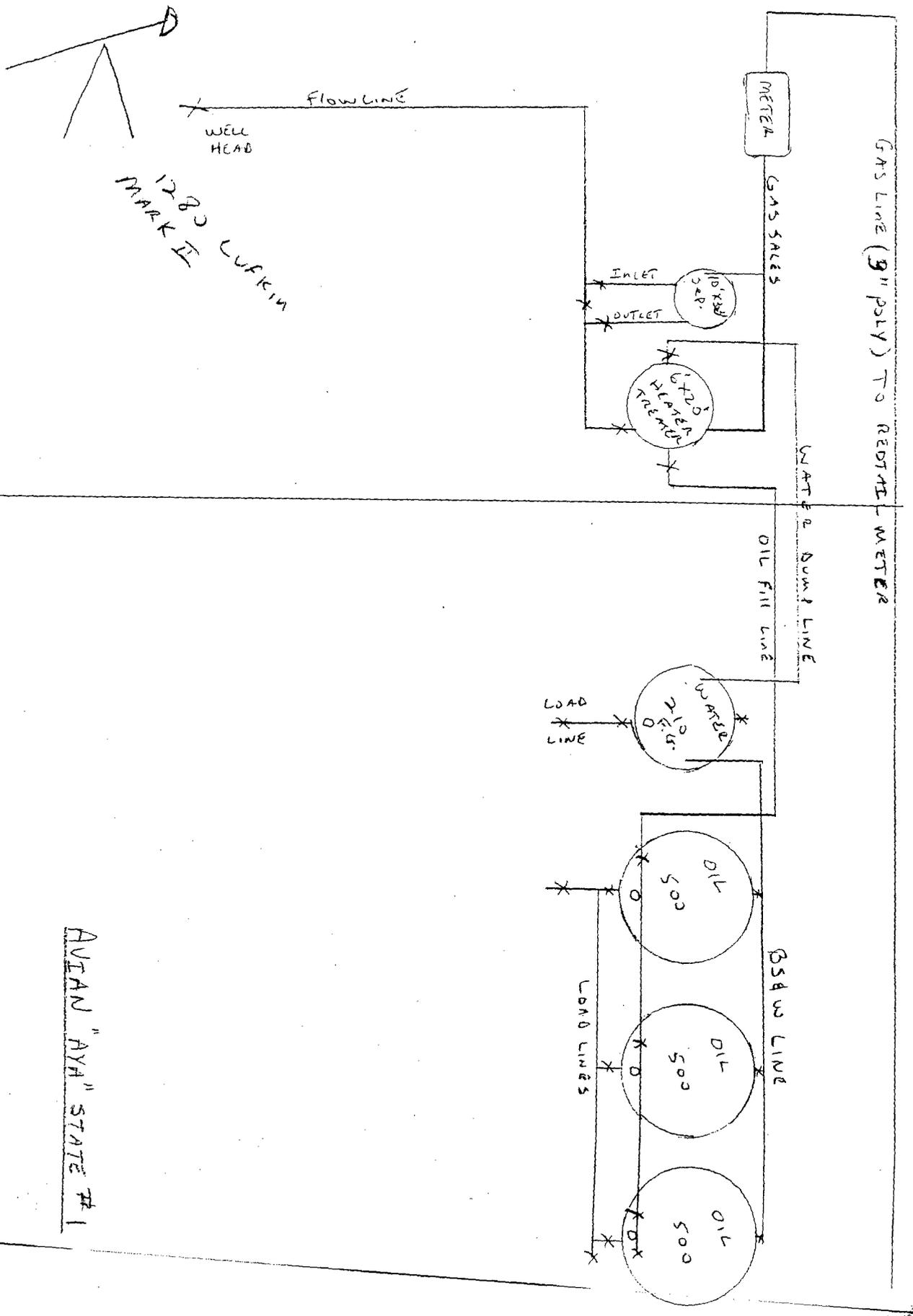
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RED TAIL "AUR" St. Louis #1



AVIAN "HYA" STATE #1

2/6/2004

Michelle Taylor with Yates called on 2/5/2004 and advised me that the Red Tail well will be metered. They just forgot to put in on the schematic diagram. Also, she advised that they did overlook Devon on the notice requirement. Devon was notified by letter on 2/5/2004.

DRC

Note: New release date on this application is 2/24/2004