

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

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

Pools

District IV
WELLBORE

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION TYPE

X Single Well
____ Establish Pre-Approved

EXISTING

APPLICATION FOR DOWNHOLE COMMINGLING

X Yes ____ No

AMENDED

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210
Operator Address
Estellita AFO Federal Com 1 H 15 14S 27E Chaves
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 025575 Property Code API No. 30-005-62630 Lease Type: X Federal ____ State ____ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Springer Basin Strawn		Springer Basin Atoka Morrow
Pool Code			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7442-7548'		7649-7721'
Method of Production (Flowing or Artificial Lift)	Flowing	RECEIVED	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)	NA	JUL 16 2004 OCC-ARTESIA	NA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	NA		NA
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.	Rates: 286 mcf/d 0 bopd 1 bwpd		Rates: 28 mcf/d 0 bopd 0 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 % Gas 91%		Oil % Gas 9%

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 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 ____ 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 Cherry A. Matchus TITLE Engineering Tech DATE: 7/14/04
TYPE OR PRINT NAME Cherry A Matchus TELEPHONE NO. (505)-748-4182