

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 OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

RECEIVED  
JUN 15 2006  
YATES PETROLEUM

June 14, 2006

Tim Gum  
State of New Mexico  
OIL CONSERVATION DIVISION  
1301 W. Grand  
Artesia, New Mexico 88210

Re: Jester BFJ Federal #1

Dear Mr. Gum;

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from the Pierce Crossing East Bone Springs and Cedar Canyon Delaware pools in our Jester BFJ Federal #1 located in Unit N, of Section 12, Township 24 South, Range 29 East, in Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Margrethe Hotter  
Operations Engineer

MH/dc

Enclosures

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

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-107A  
Revised June 10, 2003

APPLICATION TYPE  
☒ Single Well  
☐ Establish Pre-Approved Pools  
EXISTING WELLBORE  
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

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

Operator Address

Jester BFJ Federal #1 Unit N - Section 12 - 24S-29E Eddy  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 025575 Property Code 033510 API No. 30-015-34275 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Cedar Canyon Delaware		Pierce Crossing East Bone Springs
Pool Code	11540		96473
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6,028-7,048'		7,616-9,156
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)			
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: New Zone  Rates:		Date: New Zone  Rates:
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 F. Hotter TITLE Operations Engineer DATE \_\_\_\_\_

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

E-MAIL ADDRESS mhotter@ypcnm.com

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## State of New Mexico

Energy, Minerals &amp; Natural Resources Department

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

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Submit to Appropriate District Office

JUN 15 2006

State Lease - 4 Copies

WVU-ARTESIA

Fee Lease - 3 Copies

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-34275</b>	<sup>2</sup> Pool Code <b>11540</b>	<sup>3</sup> Pool Name <b>Cedar Canyon Delaware</b>
<sup>4</sup> Property Code <b>033510</b>	<sup>5</sup> Property Name <b>Jester BFJ Federal</b>	<sup>6</sup> Well Number <b>#1</b>
<sup>7</sup> OGRID No. <b>025575</b>	<sup>8</sup> Operator Name <b>Yates Petroleum Corporation</b>	<sup>9</sup> Elevation <b>3,103'</b>

<sup>10</sup> Surface Location

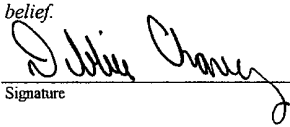
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	12	24S	29E		630'	South	2,310'	West	Eddy

<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>40</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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Debbie Chavez Printed Name Engineering Technician Title and E-mail Address June 13, 2006 Date
				<sup>18</sup> SURVEYOR CERTIFICATION <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> Refer to Original Plat Date of Survey Signature and Seal of Professional Surveyor: Certificate Number
2310'				

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OIL CONSERVATION DIVISION  
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Santa Fe, NM 87505

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COUNTY

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 30-015-34275		<sup>2</sup> Pool Code 96473	<sup>3</sup> Pool Name Pierce Crossing East Bone Springs
<sup>4</sup> Property Code 033510	<sup>5</sup> Property Name Jester BFJ Federal		<sup>6</sup> Well Number #1
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name Yates Petroleum Corporation		<sup>9</sup> Elevation 3,103'

<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
N	12	24S	29E		630'	South	2,310'	West	Eddy

<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 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.					

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	<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 June 13, 2006 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	

There are no working, royalty and overriding royalty interests in this well other than Yates Petroleum Corporation

RECEIVED  
JUN 15 2006  
YUUNTECH

The Pierce Crossing East Bones Springs is a new zone and production curves are not available.

RECEIVED  
JUN 15 2006  
UNIVERSITY OF TEXAS

The Cedar Canyon Delaware is a new zone and production curves are not available.