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3342-A

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



S. P. YATES
CHAIRMAN OF THE BOARD
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TREASURER

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

RECEIVED

FEB 10 2005

OIL CONSERVATION
DIVISION

February 8, 2005

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 Atoka, Wildcat Morrow and the Wildcat Austin Cycle pools in our Oak Ridge State Unit No. 1 located in Unit B of Section 17, Township 11 South, Range 34 East, Lea County.

The application to commingle the Morrow and Mississippian was originally submitted in August 2004. Additional perforations were added in September 2004 which at the time were believed to be in the Morrow. Upon review, it appears that the perforations added in September (11963'-11970') are in the Atoka formation and require a change to the Form C-107A. It is requested that the effective date be September 2004.

If you have any questions or need additional information, please call me at (505) 748-4281.

Sincerely,

Sam Brandon
Operations Engineer

SB/cm

Enclosures

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

District IV
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

Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Yates Petroleum Corporation
Operator

105 South Fourth Street
Address

DHC-3342-A

Oakridge State Unit 1 B 17 11S 34E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 025575 Property Code _____ API No. 30-025-36672 Lease Type Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<i>UNDES. NW 8 MILE DRAW</i> Wildcat Atoka <i>ATOCA G</i>	Wildcat Morrow <i>G 02</i>	Wildcat Austin Cycle
Pool Code	<i>97028</i>	<i>97190</i>	<i>97389</i>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	11963-11970'	12176-12188'	12226-12278'
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)	NA	NA	NA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	NA	NA	NA
Producing, Shut-In or New Zone	Producing	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.)	Date: 9/27/04 Rates: 0 BOPD, 0 BWPD 61 MCFD	Date: 7/26/04 Rates: 0 BOPD, 0 BWPD 50 MCFD	Date: 7/26/04 Rates: 2 BOPD, 1 BWPD 1360 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 0% Gas 4%	Oil 0% Gas 3%	Oil 100% Gas 93%

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 *Sam Brandon* TITLE Operations Engineer DATE: February 8, 2005
TYPE OR PRINT NAME: Sam Brandon TELEPHONE NO. (505)-748-4281

The Wildcat Atoka and Wildcat Morrow are new zones and production curves are not available. Allocation for the Morrow is based on swab test prior to acidizing. Isolating plug gave away during acid job, so no post acid treatment rate is valid. Rate increased only slightly over the Austin Cycle rate after acid job.

Allocation for the Atoka is based on actual tests.

The Wildcat Austin Cycle (Mississippian) is a new zone and production curves are not available.