

3/2/05  
**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

**Kylie "AYV" No. 1** Unit letter **K, Sec 13 - T23S-27E** **Eddy**  
 Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. **025575** Property Code \_\_\_\_\_ API No. **30-015-33173** Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<b>UNDES</b> Cass Draw Delaware oil		<b>WILCOX</b> UNDES-Cass Draw Bone Spring 01L
Pool Code	<b>10410</b>		<b>96403</b>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<b>4812'-5,760'</b>		<b>7,550'-7,608'</b>
Method of Production (Flowing or Artificial Lift)	<b>Artificial Lift</b>		<b>Artificial Lift</b>
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)	<b>Not Completed yet.</b>		
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	<b>New Zone</b>		<b>New Zone</b>
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: Rates:	Date: Rates:	Date: <b>2/25/2004</b> 10 bopd Rates: <b>166 mcf/d</b>
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 % %	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 [Signature] TITLE Operations Engineer DATE 2/8/05

TYPE OR PRINT NAME James M. Hill TELEPHONE NO. ( 505 ) 748-4219

E-MAIL ADDRESS mhill@ypcnm.com

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  
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PRESIDENT  
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EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

February 28, 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 Cass Draw Delaware and the Undes. Cass Draw Bone Spring pools in our Kylie "AYV" No. 1 located in Unit letter K, of Section 13, Township 23 South, Range 27 East, in Eddy County, NM.

If you have any questions or need additional information, please call me at (505) 748-4219.

Sincerely,

James M. Hill (Mike)  
Operations Engineer

MH

Enclosures

The Cass Draw Delaware is a new zone and production curves are not available.

The Undes. Cass Draw Bone Spring is a new zone and production curves are not available.