

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



4670

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 DHC-3291 already for this well/No longer production from approved zones.

Yates Pet.
30-015-33276
Biew BBP Fed Com #1

[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 or 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.

Brice A. Letcher		Area Engineer	8/16/2013
Print or Type Name	Signature	Title	Date
		bletcher@yatespetroleum.com	
		e-mail Address	

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-33276	² Pool Code 98001	³ Pool Name Wildcat, Cisco (Oil) 5162728P;
⁴ Property Code 33564	⁵ Property Name Bleu BBP Federal Com	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁶ Well Number 1
⁹ Elevation 3409'GL		

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	34	16S	27E		660	North	660	West	Eddy

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

¹⁶ 	¹⁷ OPERATOR CERTIFICATION			
	<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>			
			August 7, 2013 Date	
Signature Tina Huerta Printed Name tinah@yatespetroleum.com E-mail Address				
¹⁸ 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>				
Date of Survey				
Signature and Seal of Professional Surveyor:				
Certificate Number				

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-33276		² Pool Code 97286		³ Pool Name Empire Wildcat, Wolfcamp, NW	
⁴ Property Code 33564		⁵ Property Name Bleu BBP Federal Com			⁶ Well Number 1
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3409'GL

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	34	16S	27E		660	North	660	West	Eddy

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

¹⁶ 					<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p> Signature August 7, 2013 Date</p> <p>Tina Huerta Printed Name</p> <p>tinah@yatespetroleum.com E-mail Address</p>
					<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><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></p>
					<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
					<p>Certificate Number</p>

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1625 N. French Drive, Hobbs, NM 88240

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1301 W. Grand Avenue, Artesia, NM 88210

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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

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

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

**APPLICATION FOR DOWNHOLE COMMINGLING
AMMENDED**

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM 88210

Operator Bleu BBP Federal Com Address 105 South Forth Street, Artesia, NM 88210
Lease 01 Well No. Unit K - Section 34-16S-21E Unit Letter-Section-Township-Range Eddy County

OGRID No. 025575 Property Code 018265 API No. 30-015-33276 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat, Wolfcamp, NW Empire		Wildcat, Cisco
Pool Code	97286 /		98001 /
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6009'-6042'		7446'-7528'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
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)	BTU: 1349 / Oil Gravity: 41.2		BTU: 1323 / Oil Gravity: 43.1 /
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.)			
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 60% Gas 20%		Oil 40% Gas 80%

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 Brice A. Letcher TITLE Area Engineer DATE 8/28/13

TYPE OR PRINT NAME Brice A. Letcher TELEPHONE NO. (575) 748-1471

E-MAIL ADDRESS bletcher@yatespetroleum.com

Attachment

C-102 for both zones are attached.

No production history is available for either zone due to both being new zones. Production rates were estimated from swab testing each zone. See attached swab report for details. The Wolfcamp production is estimated to be 8 bopd and 5 mcf. The Cisco production is estimated to be 12 bopd and 20 mcf.

We need to commingle the two zones to make an economic well. Our plan is to produce the two zones for a few weeks to evaluate the viability of producing the two zones long term and consider a fracture treatment or other recompletion potential in a different zone.

BLEU BBP FEDERAL #1

Zone
Cisco

Swab Details

Start Date	# Runs	Init Fl Lvl	Choke Sz	P(tub)	P (cas)	% H2O	Recov	Oil	Water Amt	Ld Left to Rec	Comment
7/25/2013 11:30			0.375	3,300.00				0	0	154	START FLOWBACK
7/25/2013 12:00			0.75	0		100	38	0	38	116	H2O
7/25/2013 13:00	3	600				100	18	0	18	98	H2O, ACID GAS
7/25/2013 14:00	2	0				100	16	0	16	82	H2O, ACID GAS, GAS, START FLOWING.
7/25/2013 15:00	2	0				100	13	0	13	69	H2O, GOOD GAS, FLOWING OFF AND ON.
7/25/2013 16:00			0.75	20		98	21	0.4	20.6	48.4	H2O, GOOD GAS, 2% OIL, WELL FLOWING.
											H2O, STEADY GAS BLOW, SURGING FLUID
7/25/2013 17:00			0.75	0		96	6	0.2	5.8	42.7	W/ 4% OIL CUT
7/25/2013 18:00	1	2,300				95	5	0.3	4.8	37.9	H2O, STEADY GAS BLOW, 5% OIL CUT. SWI.
7/26/2013 7:00			0.75	490				0	0	38	START FLOWBACK
7/26/2013 8:00			0.75	0		0	2	2	0	38	FLOW 2 BBLS OIL
7/26/2013 9:00	2	2,500				95	13	0.7	12.4	25.6	H2O, STEADY GAS FLOW, 5% OIL
											"
7/26/2013 10:00	2	3,300				95	10	0.5	9.5	16.2	2013/07/26 11:00"
											"
7/26/2013 14:00	1	6,700				95	2	0.1	1.9	-5.7	2013/07/26 15:00"
7/29/2013 7:00			0.375	700			0	0	0	0	
7/29/2013 8:00			0.375	100			4	4	0	0	
7/29/2013 9:00	2	4,200				99	12	0.1	11.9	-11.9	
7/29/2013 10:00	2	5,000				99	8	0.1	7.9	-19.8	

Total= 8.4 159.8

BLEU BBP FEDERAL #1

Zone
Wolfcamp

Swab Details

Start Date	# Runs	Init Fl Lvl	Choke Sz	P(tub)	P (cas)	% H2O	Recov	Oil	Water Amt	Ld Left to Rec	Comment
7/31/2013 7:00			0.75	500				0	0	52	
7/31/2013 8:00	2	3,500				49	13	6.6	6.4	45.6	
7/31/2013 9:00	2	5,800				85	5	0.8	4.3	41.4	
7/31/2013 10:00	1	5,800				50	0.5	0.3	0.3	41.1	
7/31/2013 11:00	1	5,800				50	0.5	0.3	0.3	40.9	
7/31/2013 12:00	1	5,800				50	0.5	0.3	0.3	40.6	
7/31/2013 13:00	1	5,800				50	0.5	0.3	0.3	40.4	
7/31/2013 14:00	1	5,800				50	0.5	0.3	0.3	40.1	
7/31/2013 15:00	1	5,800				50	0.5	0.3	0.3	39.9	
7/31/2013 16:00	1	5,800				50	0.5	0.3	0.3	39.6	
7/31/2013 17:00	1	5,800				50	0.5	0.3	0.3	39.4	
8/1/2013 7:00				150				0	0		
8/1/2013 8:00	1	5,400					3	3	0		
8/1/2013 9:00	1	5,800				50	0.5	0.3	0.3		

Total= 13.1 13.4



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3291

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: James M. Hill

*Blue BBP Federal Com Well No. 1
API No. 30-015-33276
Unit O, Section 34, Township 16 South, Range 27 East, NMPM,
Eddy County, New Mexico
South Diamond Mound-Atoka (Gas 97002),
Crow Flats-Morrow (Gas 75720), and
Wildcat-Chester (Gas) Pools*

Dear Mr. Hill:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Percentages to be utilized for assignment of allowables and for production between commingled pools shall be supplied in writing to the Division office in Santa Fe within 30 days following completion of this workover.

REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the

Administrative Order DHC-3291

Yates Petroleum Corporation

June 30, 2004

Page 2 of 2

Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 30th day of June 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad