

8/18/05
8/18/05
W. Reyes
offered
8/18/05
AC-1150
PWTJ652829620

ABOVE THIS LINE FOR DIVISION USE ONLY

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



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 _____

[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.

MAYTE REYES
Print or Type Name

Mayte Reyes
Signature

Production Clerk
Title

8-4-05
Date

mayter@ypcnm.com
e-mail Address

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of Wyoming
Energy, Minerals and Natural Resources

Form C-103
Revised March 25, 1999

OIL CONSERVATION COMMISSION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.
30-005-61224

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.
L-6997

7. Lease Name or Unit Agreement Name:

Pennzoil SG State

8. Well No.

1

9. Pool name or Wildcat
Pecos Slope Abo/ Wolfcamp

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.
USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

Oil Well ☐ Gas Well ☒ Other ☐

2. Name of Operator

Yates Petroleum Corporation

3. Address of Operator

105 South Fourth Street, Artesia, NM 88210

4. Well Location

Unit Letter J NWSE 1880' feet from the South line and 1880' feet from the East line

Section 32 Township 7S Range 26E NMPM Eddy County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

PULL OR ALTER CASING ☐

MULTIPLE COMPLETION ☐

OTHER: Surface/Pool Commingle ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐

ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐

PLUG AND ☐

ABANDONMENT

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

Yates Petroleum Corporation respectfully request permission to Surface/Pool Commingle the following well:

STATE

Pennzoil SG State #1

1980' FSL & 1980' FEL (Unit J)

Section 32-T7S-R26E

Formation: Pecos Slope Abo -- 13mcfpd, 0bbls of oilpd

Wolfcamp -- 100mcfpd, 0bbls of oilpd

Eddy County, New Mexico

API # 30-005-61224

The production/sales from the Pennzoil SG State #1 well for the Pecos Slope Abo & Wolfcamp formations will be measured based off initial test percentage factors.

Owners were notified. All in house Yates Petroleum Corporation subsidiaries.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Mayte Reyes

TITLE Production Secretary

DATE August 4, 2005

Type or print name Mayte Reyes

Telephone No. (505) 748-4213

(This space for State use)

APPROVED BY

TITLE

DATE

Conditions of approval, if any:

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



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

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

August 3, 2005

Oil Conservation Division
Attention: Mark Fesmire, P.E.
1220 South Saint Frances Drive
Santa Fe, New Mexico 87505

RE: COMMINGLING APPLICATION UNDES
Pennzoil SG Com. #1 well
Township 7 South, Range 26 East, N.M.P.M.
Section 32: S/2
Chaves County, New Mexico

one well SURFACE POOL commingle
Pennzoil SG State #1
Penn Slope - ABO Gas
Spring - Wolfcamp
30-005-61224

PC-1150 *8/26/05*

Dear Mr. Mark Fesmire, P.E.:

The following entities waive objection to Yates Petroleum Corporation's application to the commingling of the above captioned well.

Myco Industries, Inc
Sharbro Oil Ltd. Co.
Sacramento Partners Limited Partnership
Joann Yates
Trust Q, u/w/o Peggy A. Yates, Dec.

Yates Drilling Company
Abo Petroleum Corporation
Los Chicos, a Partnership
John A. Yates

The above listed entities are located at 105 South Fourth Street, Artesia, New Mexico 88210.

Should you have any questions, or require anything further, please do not hesitate contacting me at 505 748 4349. Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION
SHARBRO OIL LTD. CO.
MYCO INDUSTRIES, INC.
LOS CHICOS, A PARTNERSHIP
JOHN A. YATES

YATES DRILLING COMPANY
ABO PETROLEUM CORPORATION
SACRAMENTO PARTNER LIMITED PARTNERSHIP
JOANN YATES
TRUST Q, U/W/O PEGGY A. YATES, DEC.

Chuck Moran
Chuck Moran
Landman

CM/am

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

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 June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-005-61224	² Pool Code 97110	³ Pool Name Leslie Spring; Wolfcamp, South
⁴ Property Code 12636	⁵ Property Name Pennzoil SG State	⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3675' GR

¹⁰ **Surface Location**

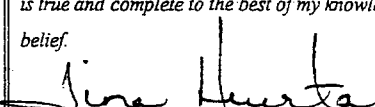
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	32	7S	26E		1980	South	1980	East	Chaves

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 320	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.</i>  Signature Tina Huerta Printed Name Regulatory Compliance Supervisor Title and E-mail Address May 10, 2005 Date
					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

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-178
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

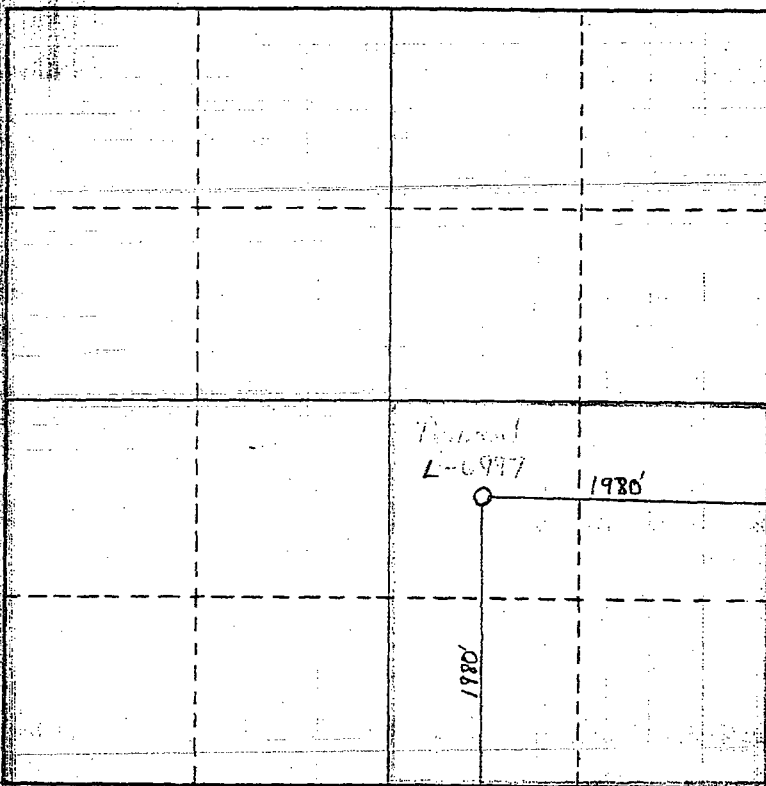
Operator Yates Petroleum Corporation			Lease Penzoil "SG" St.		Well No. 1
Unit Letter J	Section 32	Township 7S	Range 26E	County Chaves	
Actual Footage Location of Well: 1980 feet from the South line and 1980 feet from the East line					
Ground Level Elev. 3675	Producing Formation Abo		Pool Undes. Abo	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Cy Combs

Name

Regulatory Coordinator

Position

Yates Petroleum Corporation

Company

November 13, 1981

Date

I hereby certify that the location shown on this plat was plotted from field notes of equal or better grade or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

November 12, 1981

Registered Professional Engineer
and/or Land Surveyor

Certificate No.

3640





105 South 4th Street * Artesia, NM 88210
(505) 748-1471

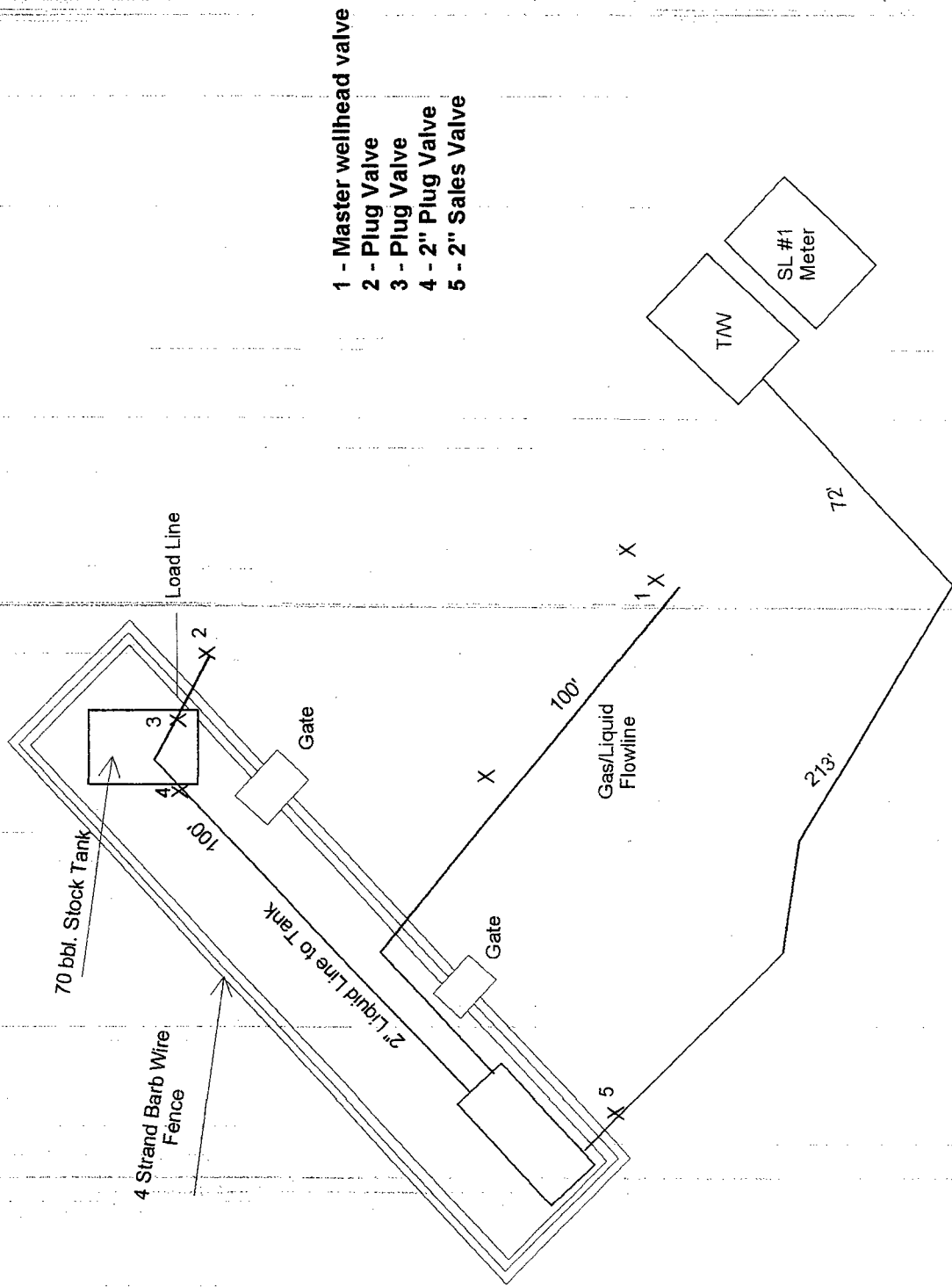
Paul Hanes- Foreman
July 20, 2005

Sight Security Diagram

PENNZOIL SG ST. #1

Lease No. - 6997

1980 FSL & 1980 FEL * Sec.32-T7S-R26E * Unit
Chaves County, NM



This diagram is subject to the Yates Petroleum Corporation August 1983 Security Plan
which is on file at 105 South 4th Street, Artesia, NM

TOWNSHIP 7 SOUTH, RANGE 26 EAST, N.M.P.M.

Section 32: S½

Chaves County, New Mexico

As of 8/3/2005:

Request of ownership for commingling of the Pennzoil "SG" State # 1. Ownership is not common; listed below are the owners.

State of New Mexico Lease (V-90) in SW¼ of T7S-R26E

	<u>Gross WI</u>	<u>Net Revenue</u>
Commissioner of Public Lands PO BOX 1148 Santa Fe, New Mexico 87504	0.0000000	0.16666667
Yates Petroleum Corporation 105 South Fourth St. Artesia, New Mexico 88210	0.25000000	0.20833334
Yates Drilling Company 105 South Fourth St. Artesia, New Mexico 88210	0.25000000	0.20833334
Abo Petroleum Corporation 105 South Fourth St. Artesia, New Mexico 88210	0.25000000	0.20833334
Myco Industries Inc. 105 South Fourth St. Artesia, New Mexico 88210	0.25000000	0.20833334
Total	1.00000000	1.00000000

State of New Mexico Lease (L-6997) in SE¼ of T7S-R26E, surface to the base of the Abo formation.

	<u>Gross WI</u>	<u>Net Revenue</u>
Commissioner of Public Lands PO BOX 1148 Santa Fe, New Mexico 87504	0.00000000	0.12500000
Yates Petroleum Corporation 105 South Fourth St. Artesia, New Mexico 88210	0.00000000	0.12500000
Yates Petroleum Corporation 105 South Fourth St. Artesia, New Mexico 88210	0.10000000	0.07500000

TOWNSHIP 7 SOUTH, RANGE 26 EAST, N.M.P.M.

Section 32: S½

Chaves County, New Mexico

	<u>Gross WI</u>	<u>Net Revenue</u>
Myco Industries Inc. 105 South Fourth St. Artesia, New Mexico 88210	0.14000000	0.10500000
Sharbro Oil Ltd. Co. 105 South Fourth St. Artesia, New Mexico 88210	0.14000000	0.10500000
Sacramento Partners Limited 105 South Fourth St. Artesia, New Mexico 88210	0.30000000	0.22500000
Los Chicos 105 South Fourth St. Artesia, New Mexico 88210	0.10000000	0.07500000
Joann Yates 105 South Fourth St. Artesia, New Mexico 88210	0.02000000	0.01500000
John A. Yates 105 South Fourth St. Artesia, New Mexico 88210	0.10000000	0.07500000
Trust Q u/w/o Peggy A. Yates, Deceased, John A. Yates, Trustee 105 South Fourth St. Artesia, New Mexico 88210	0.10000000	0.07500000
Total	1.00000000	1.00000000

Ownership of (S½) below the Abo Formation, including the Wolfcamp formation.

	<u>Gross WI</u>	<u>Net Revenue</u>
Commissioner of Public Lands PO BOX 1148 Santa Fe, New Mexico 87504	0.00000000	0.145833340

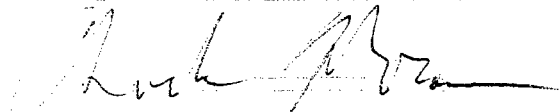
TOWNSHIP 7 SOUTH, RANGE 26 EAST, N.M.P.M.
Section 32: S½
Chaves County, New Mexico

	<u>Gross WI</u>	<u>Net Revenue</u>
Yates Petroleum Corporation 105 South Fourth St. Artesia, New Mexico 88210	0.00000000	0.062500000
Yates Petroleum Corporation 105 South Fourth St. Artesia, New Mexico 88210	0.625000000	0.463541660
Yates Drilling Company 105 South Fourth St. Artesia, New Mexico 88210	0.125000000	0.109375000
Abo Petroleum Corporation 105 South Fourth St. Artesia, New Mexico 88210	0.125000000	0.109375000
Myco Industries Inc. 105 South Fourth St. Artesia, New Mexico 88210	0.125000000	0.109375000
Total	1.000000000	1.000000000

I, Chuck Moran, certify that these are the current owners of the production from the Pennzoil "SG" Com #1, as of August 3, 2005.

Very truly yours,

YATES PETROLEUM CORPORATION


Chuck Moran
Landman

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

PENZOIL STATE #1

Postage \$ **8-405**
MAY 15 - 2000

Certified Fee

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total

Sent **Oil Conservation Division**
1220 South Saint Frances Drive
Santa Fe, NM 87505

Street or P.O. Box

City

PS Form 3811, February 2004

Oil Conservation Division
 1220 South Saint Frances Drive
 Santa Fe, NM 87505

PS Form 3811, February 2004
 Domestic Return Receipt
 102595-02-M-1540

2. Article Number
7004 1160 0005 5321 6494

1. Article Addressed to:
Oil Conservation Division
1220 South Saint Frances Drive
Santa Fe, NM 87505

3. Service Type
☒ Certified Mail
☐ Registered
☐ Insured Mail
☐ Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

4. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

A. Signature ☒ Agent ☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

COMPLETE THIS SECTION ON DELIVERY

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

7004 1160 0005 5321 6500
7004 1160 0005 5321 6500

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at www.usps.com	
PENZOL SG STATE # 11111	
Postage \$	8-4-05 MAY 16-PM 00
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage	
Commissioner of Public Lands	
Attn: Pete Martinez	
P.O. Box 1148	
Santa Fe, NM 87504-1148	
City, State, ZIP+4	
PS Form 3800, June 2002	
See Reverse for Instructions	

Commissioner of Public Lands
Attn: Pete Martinez
P.O. Box 1148
Santa Fe, NM 87504-1148

PS Form 3811, February 2004
Domestic Return Receipt
102595-02-M-1540

2. Article Number 7004 1160 0005 5321 6500 (Transfer from service label)	
1. Article Addressed to: Commissioner of Public Lands Attn: Pete Martinez P.O. Box 1148 Santa Fe, NM 87504-1148	
3. Service Type ☒ Certified Mail ☐ Registered ☐ Insured Mail ☐ Return Receipt for Merchandise ☐ C.O.D.	
4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No	
D. Is delivery address different from item 1? ☐ Yes ☐ No If YES, enter delivery address below:	
A. Signature X	B. Received by (Printed Name) C. Date of Delivery
COMPLETE THIS SECTION ON DELIVERY	
SENDER: COMPLETE THIS SECTION	
Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.	