

ABOVE THIS LINE FOR DIVISION USE ONLY

3631

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.

Print or Type Name _____ Signature _____ Title _____ Date _____

 e-mail Address

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

February 2, 2006

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 Ranger Lake North Atoka and Ranger Lake Morrow pools in our Azure State Unit No.1 located in Unit C of Section 18, Township 12 South, Range 35 East, Lea County.

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

Sincerely,

Sam Brandon
Operations Engineer

SB

Enclosures

2006 FEB 6 PM 3 18

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

District II
811 South First Street, Artesia, NM 88210

OIL CONSERVATION DIVISION

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

2040 South Pacheco
Santa Fe, New Mexico 87505

Single Well
 Establish Pre-Approved Pools

District IV
2040 South Pacheco, Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
 Yes No

Yates Petroleum Corporation Operator 105 South Fourth Street Address

Azure State Unit Lease 1 Well No. C Unit Letter-Section-Township-Range 18 12S 35E Lea County

OGRID No. 025575 Property Code API No. 30-025-36916 Lease Type Federal State Fee

DATA ELEMENT	UPPER ZONE <i>UNDES</i>	INTERMEDIATE ZONE	LOWER ZONE <i>✓</i>
Pool Name	Ranger Lake North Atoka <i>Gas</i>		Four Lakes Morrow <i>Gas</i>
Pool Code	<i>97349</i>		<i>97082</i>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	12010' - 12089'		12311'-12372'
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)	NA		Current pressure N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)	NA		NA
Producing, Shut-In or New Zone	New Zone		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.)	New Zone		1/30/06 0 BO, 160 MCF, 0 BW
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 To be submitted		Oil Gas To be submitted

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.

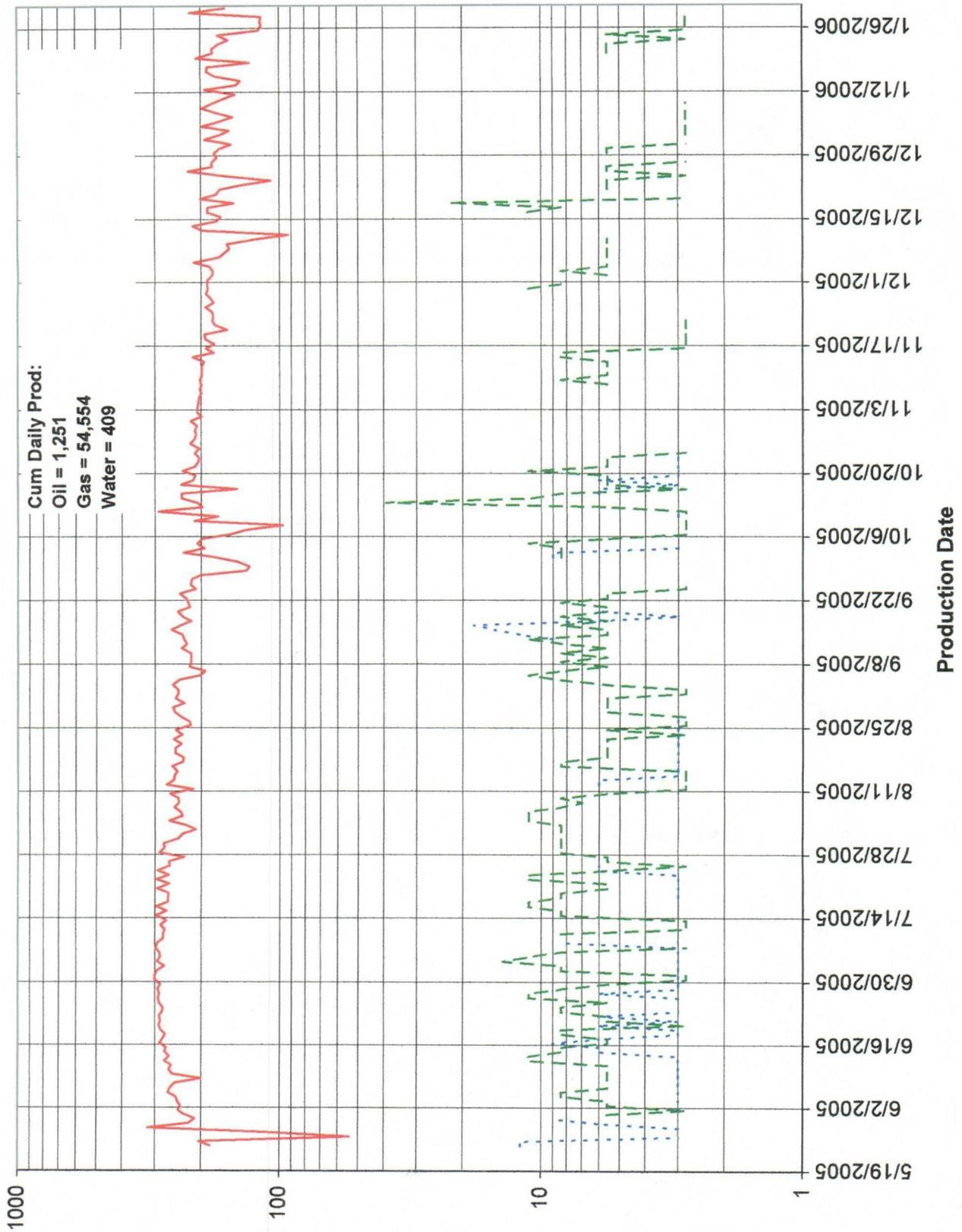
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Sam Brandon* TITLE Operations Engineer DATE : February 2, 2006
TYPE OR PRINT NAME: Sam Brandon TELEPHONE NO. (505)-748-4281

The Ranger Lake North Atoka is a new zone, not yet on production and production curves are not available.

Production rates will be submitted upon completion of the Atoka zone.

AZURE STATE UNIT #1 (001179-001)



District I
1625 N. French Dr., Hobbs, NM 88240
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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 30-025-36916	² Pool Code 97082	³ Pool Name Four Lakes; Morrow (Gas)
⁴ Property Code 34353	⁵ Property Name Azure State Unit	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁶ Well Number 1
⁹ Elevation 4122' 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
C	18	12S	35E	C	1050	North	1480	West	Lea

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 313.12	¹³ Joint or Infill	¹⁴ Consolidation Code		¹⁵ Order No.					

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 hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Stormi Davis Printed Name Regulatory Compliance Technician Title and E-mail Address stormid@ypcnm.com Date 6-1-05		
	¹⁸ 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number		

on 6/21/05

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-36916	² Pool Code 97349	³ Pool Name Ranger Lake; Atoka, North
⁴ Property Code 34353	⁵ Property Name Azure State Unit	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁶ Well Number 1
		⁹ Elevation 4122' GR

¹⁰ Surface Location

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¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature
	Stormi Davis Printed Name Regulatory Compliance Technician Title and E-mail Address stormid@ypcnm.com Date 2-2-06
	¹⁸ 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.
	Date of Survey Signature and Seal of Professional Surveyor: Certificate Number