

5/26/06 DATE IN	6/16/06 SUSPENSE	WVJ ENGINEER	5/26/06 LOGGED IN	DHC TYPE	PWJ 00615256029 APP NO.
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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.

Print or Type Name

Signature

Title

Date

e-mail Address

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

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

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM 88210

AMENDED

Operator Datil BFD State Com Address 105 South Forth Street, Artesia, NM 88210
Lease #1 Well No. C Unit Letter-Section-Township-Range 2-9S-26E County Chaves

OGRID No. 025575 Property Code 30-005-63689 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Pecos Slope; Abo (Gas)	UNDES, Foor Ranch Wolfcamp	Foor Ranch; Pre-Permian, (G)
Pool Code	82730	76750	76730
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4530-4900'	5,295-5,306'	6072-6122'
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)	—	—	—
Oil Gravity or Gas BTU (Degree API or Gas BTU)	≈ 1050	≈ 1180	≈ 1043
Producing, Shut-In or New Zone	Prod	New	Prod.
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 82% Allocation % will be submitted when completed	Oil 100% Gas 4% Allocation % will be submitted when completed	Oil 0% Gas 14% 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 Mark Hoskins TITLE Operations Engineer DATE 5/24/06

TYPE OR PRINT NAME Mark Hoskins TELEPHONE NO. (505) 748-4327

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
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DENNIS G. KINSEY
TREASURER

May 24, 2006

Will Jones
State of New Mexico
OIL CONSERVATION DIVISION
1220 South Saint Francis Drive
Santa Fe, NM 87505

Re: Datil BFD State Com #1

Dear Mr. Jones,

Please find enclosed Amended C-107A for the Datil BFD State Com #1, Unit C Section 2-9S-26E, Chaves County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4361.

Sincerely,

A handwritten signature in cursive script that reads 'Debbie Chavez'.

Debbie Chavez
Engineering Technician

Enclosures

2006 MAY 26 AM 11 07

Jones, William V., EMNRD

From: Mark Hoskins [markh@YPCNM.COM]
Sent: Friday, June 23, 2006 1:22 PM
To: Jones, William V., EMNRD
Subject: RE: Datil

William,
The BTU for each gas stream that I am presenting is from off set wells we did not get them from the Datil when we were testing it separately.
The Cisco BTU is 1043.376 this test is from the Desert Rose ALS St. # 3 on 5/23/06.
The Wolfcamp BTU is 1179.228 this test is from the Zane ABS # 3 on 5/23/06.
The Abo BTU test is 1049.767 this test is from the Dandelion AFW Fed Com # 1 on 5/16/06.
As you can see, if there is any oil produced from this well it will be from the Wolfcamp, and the Production rate is so small that we shouldn't see any condensate from this formation. While doing production tests on this well we did not see any condensate.
If there is any other information that you need please just let me know.

Thank you,
Mark Hoskins
Yates Petroleum Corporation
markh@ypcnm.com
(505) 748-4237

-----Original Message-----

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Wednesday, June 14, 2006 2:43 PM
To: Mark Hoskins
Subject: RE: Datil

Hello Mark:
Thanks for the info...

Sounds like all three zones are "Gas" including the Wolfcamp?
So the percentages are only for Gas and no condensate for this well?
Would you send the BTU of each gas stream or the API if any of these zones is considered to be "Oil".

Thank You,

William V. Jones Engineering Bureau Oil Conservation Division Santa Fe

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6/23/2006

Jones, William V., EMNRD

From: Mark Hoskins [markh@YPCNM.COM]
Sent: Tuesday, June 13, 2006 3:40 PM
To: Jones, William V., EMNRD
Cc: Chuck Moran; Debbie Chavez; Tina Huerta
Subject: FW: Datil

Hello William: I believe the information you have requested is below. Debbie Chaves has received confirmations back from all the parties listed.

From well test data the Strawn is 12.7%, the Wolfcamp is 4%, and the Abo is 82.3% of the total production. If you need any additional information, you can reach me at the phone number or e-mail address below.

Thank you,

Mark Hoskins

Yates Petroleum Corporation

markh@ypcnm.com

(505) 748-4237

-----Original Message-----

From: Chuck Moran
Sent: Tuesday, June 13, 2006 2:27 PM
To: Mark Hoskins
Cc: Debbie Chavez
Subject: Datil

*all
Gos
only
now
Zone*

DHC 3669-A

Mark: I have copied Will Jones email below. The answer to Will Jones last request in his email is this:

The ownership of the leases in question are as follows:

V-5585 in Lots 3, 4, S/2NW/4 (NW/4) of Sec. 2-T9S-R26E

State of New Mexico - RI
 Gary D. McKinney - ORRI
 Jack L. Waldrep, Jr. - ORRI
 Les R. Honeyman - ORRI
 Clyde C. Wheeler - ORRI
 Yates Petroleum Corporation - WI
 Yates Drilling Company - WI
 Myco Industries, Inc. - WI
 Abo Petroleum Corporation - WI

V-5586 in SW/4 of Sec. 2-T9S-R26E.

State of New Mexico - RI
 Gary D. McKinney - ORRI
 Jack L. Waldrep, Jr. - ORRI
 Les R. Honeyman - ORRI
 Clyde C. Wheeler - ORRI
 Yates Petroleum Corporation - WI
 Yates Drilling Company - WI
 Myco Industries, Inc. - WI
 Abo Petroleum Corporation - WI

Abo formation will only be paid to owners of lease V-5586.

Please verify to Will Jones that you notified all the above parties.

6/13/2006

Thanks,

Chuck Moran
Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210
505-748-4349

Hello Mark and Debbie Chavez:

The Division received your application to amend the permit DHC-3669 and add the Wolfcamp interval. It is our understanding that this is now a diversely owned downhole commingle application.

You did not fill out all rows in the C107A form or attach any supporting documentation.

At least the following is required for the Division to proceed with evaluating this application:

- 1) Is the Wolfcamp a gas or an oil pool? *Yes*
- 2) Has the Abo and Pre-Permian already been producing or do you have test data on those zones? *yes*
- 3) Please send a short copy of any test or production data already obtained on the Abo and the Pre-Permian. ✓
- 4) Please send gas BTU numbers on the Abo and the Pre-Permian.
- 5) Send the estimated BTU on the Wolfcamp if it will be gas or the API gravity of the oil if the Wolfcamp will be oil.
- 6) Send copies of the form C-102 for each of these three intervals.
- 7) Send a written explanation of the method you will use to most accurately determine the allocation between these three pools.

Since this is a diversely owned downhole commingle, please send a list of all revenue interest owners that you noticed as part of this application and a copy of the letter you sent to them.

Some brief supporting documentation and all rows of the C107A should be filled out for normal DHC applications that have identical ownership. If you don't know the answers, it is better for you to guess than for us to guess. For applications with diverse ownership, you should do all of that plus provide an explanation of the way that final percentage allocations will be obtained in order to ensure that all rights are protected.

Thank You,

William V. Jones

Engineering Bureau

Oil Conservation Division

Santa Fe

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