DATE IN 8/7/06	SUSPENSE	ENGINEER Will Jones	LOGGED IN 8/8/06	TYPE DHC	APP NO. pTDS0622034382

ABOVE THIS LINE FOR DIVISION USE ONLY 376

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
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
X Single Well
___ Establish Pre-Approved Pools
EXISTING WELLBORE
X Yes ___ No

RECEIVED
AUG 07 2006
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

DHC-3761

Yates Petroleum Corporation — Operator
105 South Forth Street, Artesia, NM 88210 — Address

Temperate BEC Federal — Lease
Well No.
LOT 13 SWSW — Unit Letter-Section-Township-Range: **Section 6 - 21S-29E**
Eddy — County

OGRID No. **025575** Property Code **018265** API No. **30-015- 34339** Lease Type: X Federal ___ State ___ Fee

DATA ELEMENT	UPPER ZONE UNDES.	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	**Golden Lane; Delaware, South**		**Wildcat Bone Spring** OIL
Pool Code	**28340**		~~**06053**~~
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	**5,870-6,528'**		**7,772-7,926'**
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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
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.)	Date: New Zone Rates:		Date: New Zone Rates:
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 Allocation % will be submitted when completed

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X 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 X No ___

Will commingling decrease the value of production? Yes ___ No X

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 X 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 Mike Hill TITLE Operations Engineer DATE 8-3-06

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

E-MAIL ADDRESS mhill@ypcnm.com

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

YATES PETROLEUM CORPORATION

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

August 3, 2006

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

Re: Temperate BEC Federal #1

Dear Mr. Jones,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from the Wildcat Bone Spring pools and Golden Lane; Delaware, South in our Temperate BEC Federal #1 located Section 6, Township 21 South, Range 29 East, in Eddy County, New Mexico.

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

Sincerely,

Mike Hill
Operations Engineer

MH/dc

Enclosures

District I
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District II
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District III
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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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-015-34339	28340	Golden Lane; Delaware, South

[4] Property Code	[5] Property Name	[6] Well Number
35107	Temperate BEC Federal	1

[7] OGRID No.	[8] Operator Name	[9] Elevation
025575	Yates Petroleum Corporation	3443'GL

[10] Surface Location

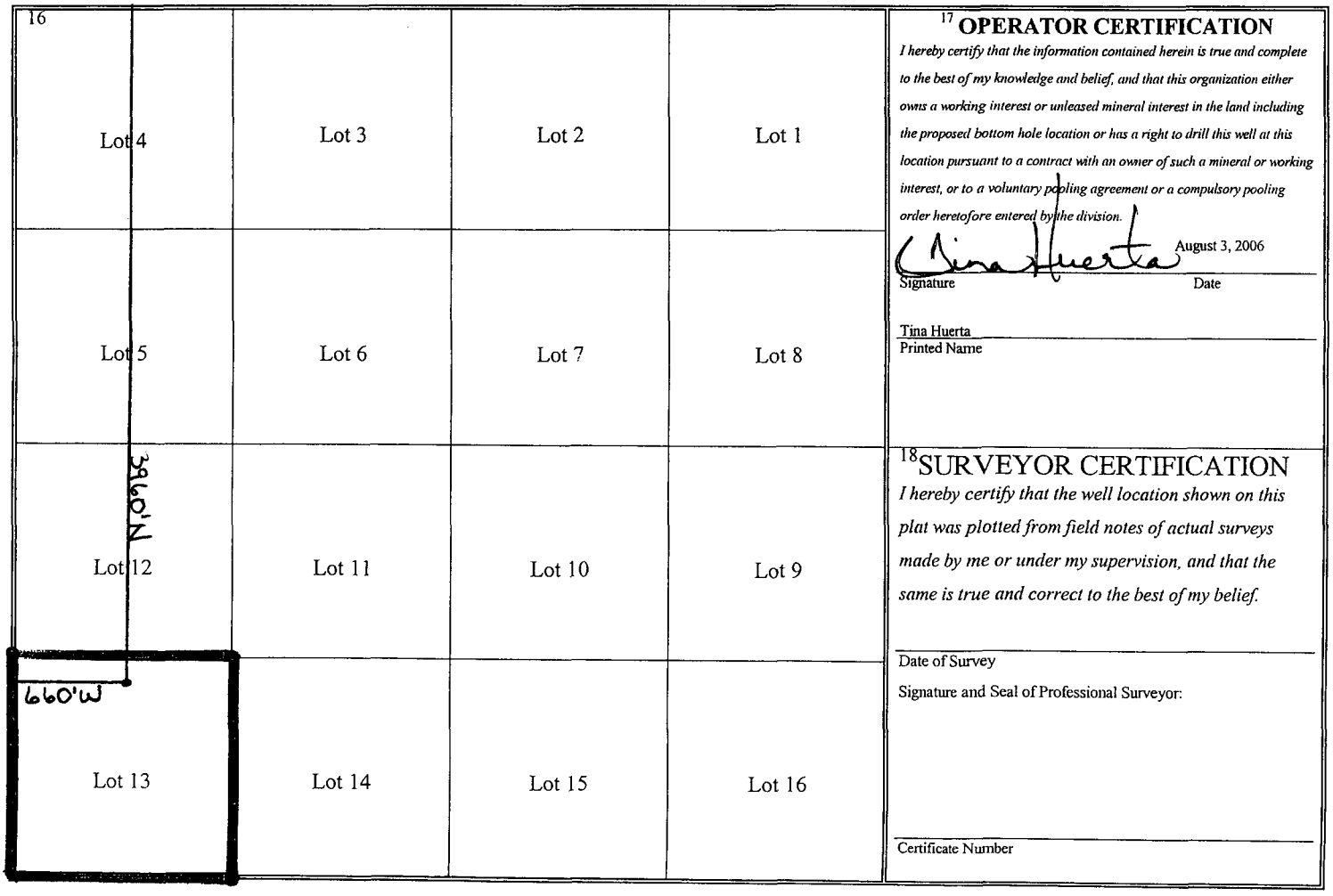
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 13	6	21S	29E		3960	North	660	West	Eddy

[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	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40			

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.



[17] OPERATOR CERTIFICATION

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.

Tina Huerta — August 3, 2006
Signature — Date

Tina Huerta
Printed Name

[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

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
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1000 Rio Brazos Rd., Aztec, NM 87410
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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
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-015-34339		Wildcat Bone Spring

[4] Property Code	[5] Property Name	[6] Well Number
35107	Temperate BEC Federal	1

[7] OGRID No.	[8] Operator Name	[9] Elevation
025575	Yates Petroleum Corporation	3443'GL

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[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40			

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]

Lot 4	Lot 3	Lot 2	Lot 1
Lot 5	Lot 6	Lot 7	Lot 8
Lot 12	Lot 11	Lot 10	Lot 9
Lot 13	Lot 14	Lot 15	Lot 16

3960'N

660'W

[17] OPERATOR CERTIFICATION

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.

Tina Huerta — August 3, 2006
Signature — Date

Tina Huerta
Printed Name

[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

There are no working, royalty and overriding royalty interests in this well other than Yates Petroleum Corporation

The Bone Springs is a new zone and production curves are not available.

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