

DATE IN 8/14/06	SUSPENSE	ENGINEER WILL JONES	LOGGED IN 8/16/07	RECEIVED	TYPE DHC 3775	APP NO. 22830193
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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
Oil Conservation Division
1220 S. 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
WFO Notified w/ COPY of Attached Paperwork 8/10/06

[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.

Sheryl L. Jones
Print or Type Name

Sheryl L. Jones
Signature

Agent
Title

8/1/06
Date

SJONES4611@joi.com
e-mail Address

RECEIVED

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

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
XX Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Yates Energy Corporation P. O. Box 2323, Roswell, New Mexico 88202
Operator Address
N. Hess Federal "23" No. 1 Sec. 23, T23S, R23E Eddy
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 25542 Property Code API No. 30-015-34509 Lease Type: Federal X State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	WILDCAT Wolfcamp	Undesignated East Hills Upper Penn	UNDES. Bandana Point Strawn Gas
Pool Code		97383	71485
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7154' - 7171'	8334' - 8349'	8628' - 8710'
Method of Production (Flowing or Artificial Lift)	Flow	Flow	Flow
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)	Not Required	Not Required	Not Required
Oil Gravity or Gas BTU (Degree API or Gas BTU)	0.700	0.700	0.650
Producing, Shut-In or New Zone	Producing/testing	Producing/testing	Producing/testing
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: 5/12/06 Rates: est. 60 MCF/day 0.5 BOPD	Date: 5/4/06 Rates: est 60 MCF/day	Date: 4/25/06 Rates: 60 MCF/day
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 100 % 20 %	Oil Gas % 20 %	Oil Gas % 20 %

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 Sheryl Jonas TITLE Agent DATE 08/08/06
TYPE OR PRINT NAME Sheryl Jonas TELEPHONE NO. (432) 683-5511
E-MAIL ADDRESS Sjonas4011@aol.com

ADDITIONAL SECOND PAGE
State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

District II
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

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 Energy Corporation

Operator

Address

N. Hess Federal "23" No. 1

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. _____ Property Code _____ API No. _____ Lease Type: ____ Federal ____ State ____ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name			<u>UNDES.</u> Hess Morrow East
Pool Code			78380 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)			9795' - 10,038
Method of Production (Flowing or Artificial Lift)			Flow
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)			Not Required
Oil Gravity or Gas BTU (Degree API or Gas BTU)			0.650
Producing, Shut-In or New Zone			Producing/Testing
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: Rates:	Date: Rates:	Date: 04/15/06 Rates: 120 MCF/day
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 % %	Oil Gas % %	Oil Gas 40 % %

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:

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- 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 Sheryl L. Jones TITLE _____ DATE _____

TYPE OR PRINT NAME _____ TELEPHONE NO. (____) _____

E-MAIL ADDRESS _____

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 and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

RECEIVED

AUG 14 Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease 4 Copies
Oil Conservation Division 3 Copies
1220 S. St. Francis Drive
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-34509	Pool Code 78380	Pool Name Hess Morrow East
Property Code	Property Name NORTH HESS FEDERAL 23	Well Number 1
OGRID No. 25542	Operator Name YATES ENERGY CORPORATION	Elevation 4117'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	23	23-S	23-E		1955	SOUTH	710	EAST	EDDY

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
Dedicated Acres 320	Joint or Infill	Consolidation Code	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

				OPERATOR CERTIFICATION			
				<p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Sheryl L. Jonas</i> Signature Sheryl L. Jonas Printed Name Agent for Yates Energy Title 08/08/06 Date</p>			
				SURVEYOR CERTIFICATION			
				<p>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.</p> <p>JULY 14, 2005 Date Surveyed LA Signature of Professional Surveyor GARY EIDSON NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 05.11.1054 Certificate No. GARY EIDSON 12841</p>			
<p>GEODETIC COORDINATES NAD 27 NME Y=468317.2 N X=428609.8 E LAT.=32°17'14.31" N LONG.=104°33'51.66" W</p>				<p>4101.6' 4099.5' 600' 600' 710' 4124.4' 4109.1' 1955'</p>			

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

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1301 W. GRAND AVENUE, ARTESIA, NM 88210

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1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-34509	Pool Code 97383	Pool Name Undesignated East/Hills Upper Penn
Property Code	Property Name NORTH HESS FEDERAL 23	Well Number 1
OGRID No. 25542	Operator Name YATES ENERGY CORPORATION	Elevation 4117'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	23	23-S	23-E		1955	SOUTH	710	EAST	EDDY

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
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

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	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Sheryl L. Jonas</i> Signature</p> <p>Sheryl L. Jonas Printed Name</p> <p>Agent for Yates Energy Title</p> <p>Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JULY 14, 2005</p> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor GARY EIDSON NEW MEXICO 7/14/05 05.11.1054</p> <p>Certificate No. GARY EIDSON 12641</p>

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WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-34509	Pool Code 71485	Pool Name <i>UNDES</i> Bandana Point Strawn Gas
Property Code	Property Name NORTH HESS FEDERAL 23	Well Number 1
OGRID No. 25542	Operator Name YATES ENERGY CORPORATION	Elevation 4117'

Surface Location

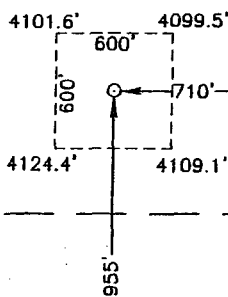
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	23	23-S	23-E		1955	SOUTH	710	EAST	EDDY

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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

<div><p>GEODETIC COORDINATES NAD 27 NME Y=468317.2 N X=428609.8 E LAT.=32°17'14.31" N LONG.=104°33'51.66" W</p></div>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Sheryl L. Jonas</i> Signature</p> <p>Sheryl L. Jonas Printed Name</p> <p>Agent for Yates Energy Title</p> <p>08/08/06 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JULY 14, 2005 Date Surveyed</p> <p>LA Signature of Seal Professional Surveyor</p> <p><i>GARY EIDSON</i> 7/19/05 05.11.1054</p> <p>Certified No. GARY EIDSON 12841</p>
---	---

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

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

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Revised JUNE 10, 2003
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WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-34509	Pool Code	Pool Name Wildcat (Wolfcamp) GAS
Property Code	Property Name NORTH HESS FEDERAL 23	Well Number 1
OGRID No. 25541	Operator Name YATES ENERGY CORPORATION	Elevation 4117'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	23	23-S	23-E		1955	SOUTH	710	EAST	EDDY

Bottom Hole Location If Different From Surface

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Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

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	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><u><i>Sheryl L. Jones</i></u> Signature</p> <p><u>Sheryl L. Jones</u> Printed Name</p> <p><u>Yates Energy Company</u> Title</p> <p><u>08/08/06</u> Date</p>
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=468317.2 N X=428609.8 E</p> <p>LAT.=32°17'14.31" N LONG.=104°33'51.66" W</p>	<p>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><u>JULY 14, 2005</u> Date Surveyed</p> <p><u>LA</u> Signature of Seal of Professional Surveyor</p> <p><u><i>GARY E. EDSON</i></u> Professional Surveyor</p> <p><u>749105</u> 12641</p> <p><u>05.11.1054</u> 12641</p> <p>Certificate No. <u>GARY EDSON</u> 12641</p>