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DHC 3/12/01

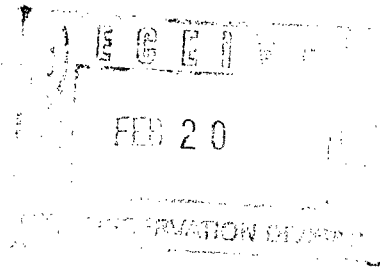
MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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 15, 2001



David Catanach
State of New Mexico
OIL CONSERVATION DIVISION
2040 S. Pacheco Street
Santa Fe, NM 87505-5472

Dear Mr. Catanach,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from Pecos Slope Abo, Undesignated Penn and Undesignated Mississippian pools in our Sandlewood AEW State #2 located in Unit E of Section 31, Township 8 South, Range 27 East, Chaves County.

If you have any questions or need additional information, please call me at (505) 748-4182. Thank you for your consideration of this request.

Sincerely,

James W. Pringle
Operations Engineer

JWP/th

Enclosures

MARTIN YATES, III
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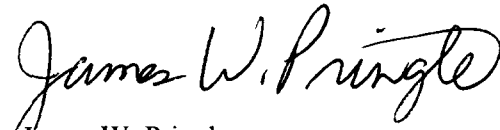
Tim Gum
State of New Mexico
OIL CONSERVATION DIVISION
811 South First Street
Artesia, NM 88210

Dear Mr. Gum,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from Pecos Slope Abo, Undesignated Penn and Undesignated Mississippian pools in our Sandlewood AEW State #2 located in Unit E of Section 31, Township 8 South, Range 27 East, Chaves County.

If you have any questions or need additional information, please call me at (505) 748-4182.
Thank you for your consideration of this request.

Sincerely,


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February 15, 2001

Pete Martinez
State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, NM 87504-1148

Dear Mr. Martinez,

Pursuant to the State Land Office Rule Nos. 1.053, 1.054 and 1.055, you will find enclosed the \$30.00 filing fee and a copy of the commingling application for the Sandlewood AEW State #2.

Should you have any questions, feel free to contact me at (505) 748-4182. Thank you.

Sincerely,

James W. Pringle
Operations Engineer

JWP/th

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

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87505
APPLICATION FOR DOWNHOLE COMMINGLING

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

Yates Petroleum Corporation 105 South Fourth Street
Operator Address

Sandlewood AEW State 2 D 31 - 8S - 27E Chaves
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 025575 Property Code 12717 API No. 30-005-63281 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Pecos Slope Abo	Undesignated Penn	Undesignated Mississippian
Pool Code	82730	Und For Ranch Pre-Pennian Co 76730	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4,745'-5,141'	6,230'-6,288'	6,300'-6,394'
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)	1065 BTU	1015 BTU	1050 BTU
Producing, Shut-In or New Zone	Producing	Producing	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.)	Date: 02/12/01 Rates: 0 bwpd 150 mcfpd 0 bopd	Date: 01/03/01 Rates: 0 bwpd 175 mcfpd 0 bopd	Date: 12/19/00 Rates: 0 bwpd 175 mcfpd 0 bopd
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 % 30%	Oil Gas % 35%	Oil Gas % 35%

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

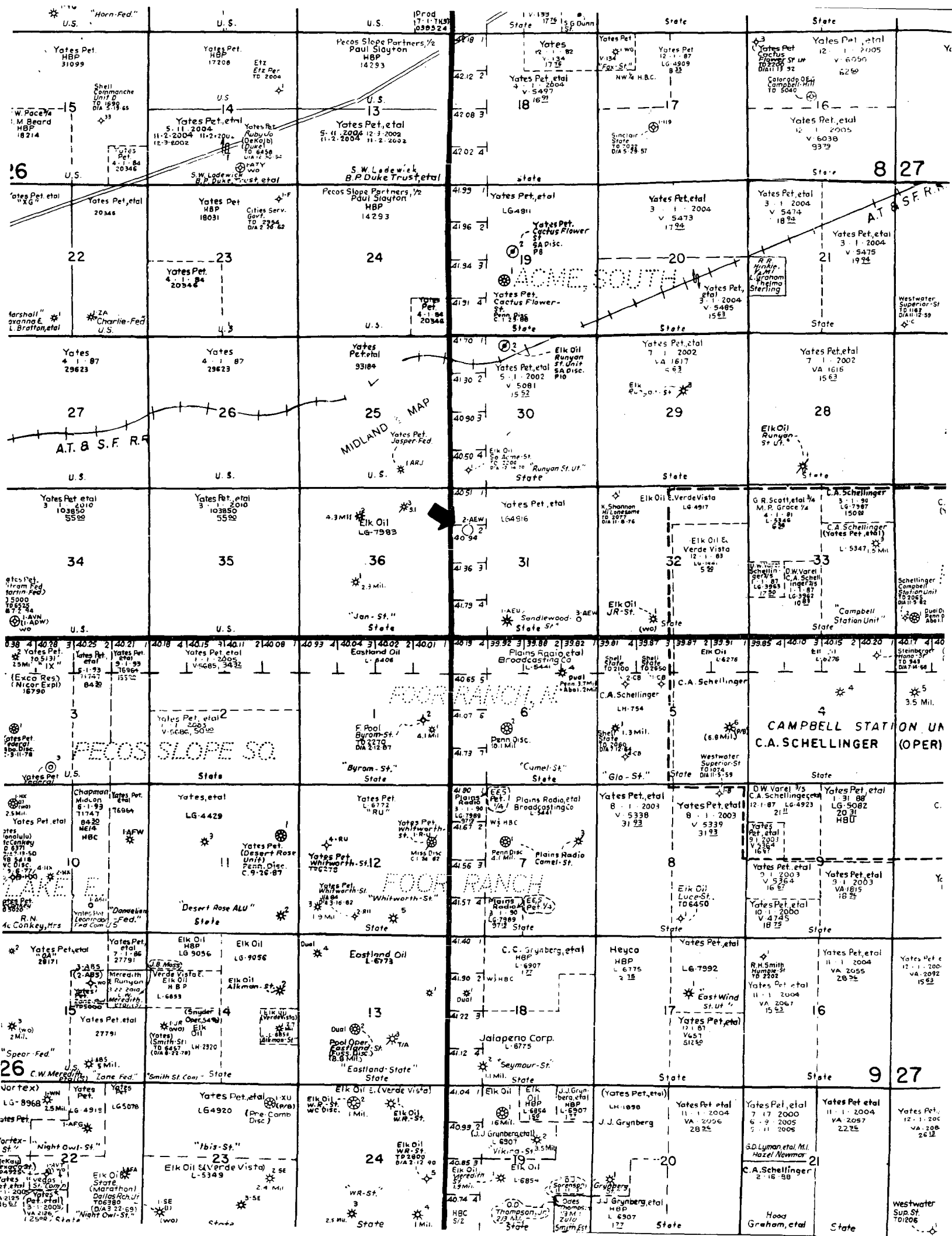
If application is to establish Pre-Approved Pools, the following additional information will be required:

- 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 James W. Pringle TITLE Operations Engineer DATE February 15, 2001

TYPE OR PRINT NAME James W. Pringle TELEPHONE NO. (505) 748-4182



District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-63281	Pool Code 82730	Pool Name Pecos Slope Abo
Property Code 12717	Property Name Sandlewood AEW State	Well Number 2
OGRID No. 025575	Operator Name Yates Petroleum Corporation	Elevation 3975'

¹⁰ Surface Location

UL or lot no. E	Section 31	Township 8S	Range 27E	Lot Ida	Feet from the 1500	North/South line North	Feet from the 660	East/West line West	County Chaves
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
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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 hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <u>Tina Huerta</u> Signature Tina Huerta Printed Name Operations Technician Title <u>2-15-01</u> Date 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. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

The Pecos Slope Abo pool not produced, there will be no production curve for this zone.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
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Santa Fe, NM 87504-2088

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-005-63281		2 Pool Code		3 Pool Name Undesignated Penn		
4 Property Code 12717		5 Property Name Sandlewood AEW State			6 Well Number 2	
7 OGRID No. 025575		8 Operator Name Yates Petroleum Corporation			9 Elevation 3975'	

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
E	31	8S	27E		1500	North	660	West	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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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 Tina Huerta Printed Name Operations Technician Title 2-15-01 Date
					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. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

The Undesignated Penn pool has not produced, there will be no production curve for this zone.

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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Revised February 10, 199-
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-63281		Pool Code	Pool Name Undesignated Mississippian
Property Code 12717	Property Name Sandlewood AEW State		Well Number 2
OGRID No. 025575	Operator Name Yates Petroleum Corporation		Elevation 3975'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	31	8S	27E		1500	North	660	West	Chaves

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	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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The Undesignated Mississippian pool has not produced, there will be no production curve for this zone.

There are no owners other than Yates Petroleum Corporation and its subsidiaries.