

DATE IN 09 July 07	SUSPENSE	ENGINEER W. Jones	LOGGED IN 10 July 07	TYPE DHC 3924	APP NO. PELLP0719131002
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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
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 Drive
Santa Fe, New Mexico 87505
APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
☒ EXISTING WELLBORE
☒ Yes ☐ No
APPLICATION FOR DOWNHOLE COMMINGLING
JUN 9 2007

Yates Petroleum Corporation
105 South North Street, Artesia, NM 88210
Operator Address
Allied AUS State #2 Unit L - Section 33 - 9S-26E Chaves
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No.	025575	Property Code	25921	API No.	30-005-63287	Lease Type:	Federal	<input checked="" type="checkbox"/> State	Fee
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE						
Pool Name	Foor Ranch; Wolfcamp		Foor Ranch; Pre-Permian						
Pool Code	76750		76730						
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5,360-5394'		5,850-5,930'						
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)	1114		1084						
Producing, Shut-In or New Zone	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: 6/30/07 18 MCF Rates: 0 BW 0 BO		Date: 6/30/07 26 MCF Rates: 0 BW 0 BO						
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 ☒ 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 Margrethe Hotter TITLE Operations Engineer DATE 7/5/07
TYPE OR PRINT NAME Margrethe Hotter TELEPHONE NO. (505) 748-4165
E-MAIL ADDRESS mhotter@ypcnm.com

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ATTACHMENT A

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 30-005-63287	² Pool Code 76730	³ Pool Name Foor Ranch; Pre-Permian
⁴ Property Code 25921	⁵ Property Name Allied AUS State	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	
		⁶ Well Number #2
		⁹ Elevation 3,775

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
L	33	9S	25E		1,980'	South	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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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. Signature Debbie Chavez Printed Name Engineering Technician Title and E-mail Address July 5, 2007 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

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-005-63287	² Pool Code 76750	³ Pool Name Foor Ranch; Wolfcamp
⁴ Property Code 25921	⁵ Property Name Allied AUS State	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	
		⁶ Well Number #2
		⁹ Elevation 3,775

¹⁰ Surface Location									
UL or lot no. L	Section 33	Township 9S	Range 25E	Lot Idn	Feet from the 1,980'	North/South line South	Feet from the 660'	East/West line West	County 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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					¹⁸ SURVEYOR CERTIFICATION <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> Refer to Original Plat Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

ATTACHMENT B

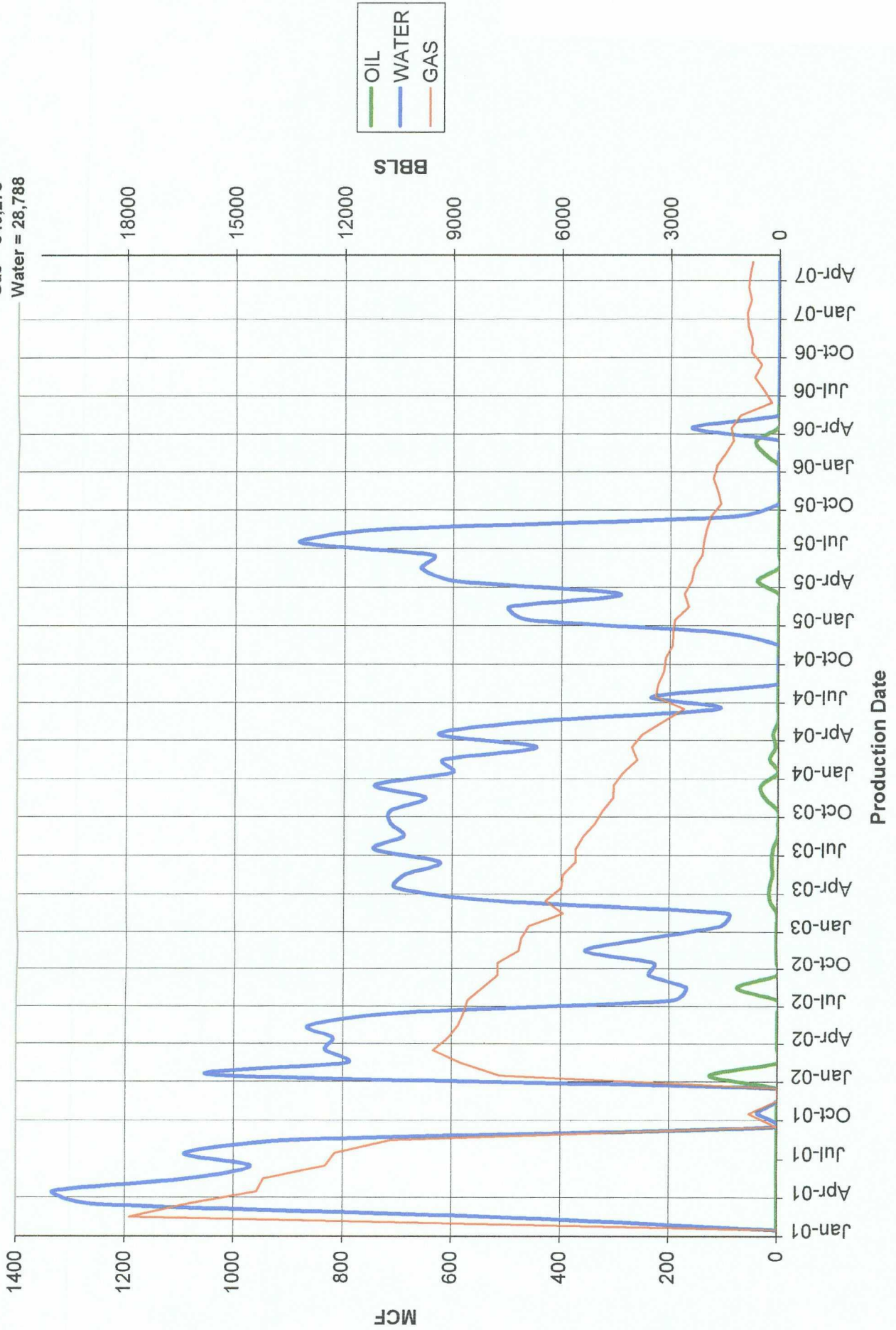
ALLIED AUS STATE #2 (011273-002) - PRE-PERMIAN

Cum Monthly Prod:

Oil = 448

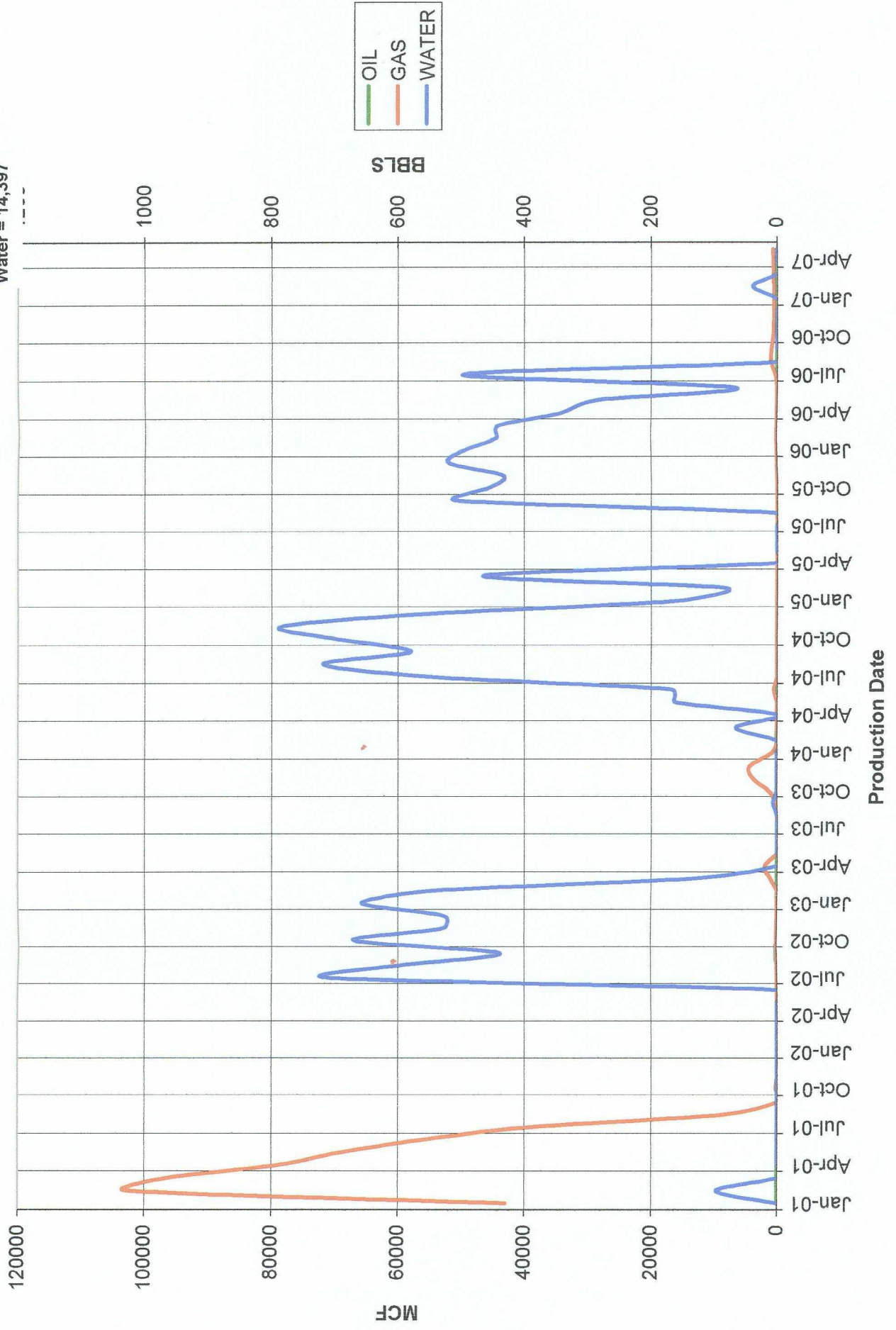
Gas = 346,278

Water = 28,788



ALLIED AUS STATE #2 (011273-002) - WOLFCAMP

Cum Monthly Prod:
Oil = 234
Gas = 514,747
Water = 14,397



ATTACHMENT C

Allied AUS St #2
Unit L, Sec 33 9S 26E
Chaves County, NM

Ordovician : 5850-60', 5870-80, 5886-92, 5900-06, 5918-30 : Pre-Permian pool, Foor
Ranch Field
Wolfcamp : 5360-70, 5390-94 : Wolfcamp pool, Foor Ranch
Field

This well is dual completed, with Foor Ranch Ordovician producing up the tubing and Foor Ranch Wolfcamp up the casing. The well is produced naturally. The tubing keeps loading up with water and we have to swab it at times, swabbing about 30 bbls of water per day. The water is coming from the Ordovician. We would like to put a pump on this well, below the Ordovician perms, and pump the water up the tubing and commingle the gas from both zones up the annulus. We think that by putting the well on pump, we can get the water off and increase our gas production from the Ordovician zone.

The well has cum'ed a total of 682 BO, 861,025 Mcf, 43,185 BW
Contribution from each zone is as following:
Ordovician: 448 BO, 345,524 Mcf, 28,788 BW
Wolfcamp: 234 BO, 514,117 Mcf, 14,397 BW

Currently the well is producing
18 McfD from the Wolfcamp
26 McfD from the Ordovician

Both the Wolfcamp and the Ordovician have had relatively flat production for the last year. Any additional production that will come from putting this well on pump will be coming from the Ordovician.

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 EMERITUS

JOHN A. YATES
CHAIRMAN OF THE BOARD

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FRANK YATES, JR.
EXECUTIVE VICE PRESIDENT

JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

July 6, 2007

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

Re: Allied AUS State #2

Dear Mr. Jones

Enclosed please find a copy of form C-107A (Application for Downhole Commingling) on Yates Petroleum Corporation Allied AUS State #2 of 33-9S-26E, Chaves County, New Mexico.

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

Sincerely,

Debbie Chavez
Engineering Technician

Enclosure(s)