

DATE IN 1-8-10	SUSPENSE	ENGINEER Jones	LOGGED IN 1-8-10	TYPE DHC	PTGW APP NO. 1000850187
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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



RECEIVED

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**ADMINISTRATIVE APPLICATION CHECKLIST** YATES

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]

HARACE AMO Fed #7

30-025-33345

- [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 X 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.

Margrethe Hotter

Print or Type Name

*Margrethe Hotter*

Signature

Area Engineer

Title

1/7/10

Date

mhotter@yatespetroleum.com  
 e-mail Address

MARTIN YATES, III

1912-1985

FRANK W. YATES

1936-1986

S. P. YATES

1914-2008



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (575) 748-1471

JOHN A. YATES  
CHAIRMAN OF THE BOARD  
PRESIDENT

JOHN A. YATES JR.  
ASSISTANT TO THE PRESIDENT

JAMES S. BROWN  
CHIEF OPERATING OFFICER

JOHN D. PERINI  
CHIEF FINANCIAL OFFICER

January 7, 2010

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

Re: Haracz AMO Federal #7

Dear Mr. Jones:

Enclosed please find a copy of form C-107A (Application for Downhole Commingling) on Yates Petroleum Corporation, Section 19-24S-32E, Lea County, New Mexico.

If you have any questions or need additional information, please call me at (575) 748-4361

Sincerely,

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

Debbie Chavez  
Engineering Technician

Enclosure(s)

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

**Oil Conservation Division**

1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE

Single Well  
Establish Pre-Approved Pools

District III  
1000 Rio Brazos Road, Aztec, NM 87410

EXISTING WELLBORE

Yes  No

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

**APPLICATION FOR DOWNHOLE COMMINGLING**

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM 88210

Operator

Address

*DAC-4217  
1430-A*

Haracz AMO Federal

7 Unit F - Section 19 - 24S-32E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 025575 Property Code 029442 API No. 30-025-33345 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
<del>UNIT</del>	<del>Wildcat, Delaware</del>		<input checked="" type="checkbox"/>
Pool Name	<i>MESA Verde, Delaware</i>		East Cotton Draw; Bone Springs
Pool Code	<del>96646</del>		96556
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7,166-8,274'		8,593-8,609' (old) 9,611-9,752 (9,611-9,752)' (old), 9,028-9,520' (new)
Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
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)	38.0 Oil Gravity		
Producing, Shut-In or New Zone	Producing		Old and New Zones
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: 11/1/09 O 611 Rates: W 3,033 G 308		Date: 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 %'s will submitted when complete		Oil Gas Allocation %'s will submitted when complete

**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 1/6/10

TYPE OR PRINT NAME Margrethe Hotter TELEPHONE NO. (575) 748-4165

E-MAIL ADDRESS mhotter@yatespetroleum.com

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 & Natural Resources Department  
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

<sup>1</sup> API Number <b>30-025-33345</b>		<sup>2</sup> Pool Code <b>96646</b>		<sup>3</sup> Pool Name <b>Wildcat; Delaware</b>	
<sup>4</sup> Property Code <b>029442</b>		<sup>5</sup> Property Name <b>Haracz AMO</b>			<sup>6</sup> Well Number <b>#7</b>
<sup>7</sup> OGRID No. <b>025575</b>		<sup>8</sup> Operator Name <b>Yates Petroleum Corporation</b>			<sup>9</sup> Elevation <b>3,559'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>G</b>	<b>24</b>	<b>24S</b>	<b>31E</b>		<b>1,980'</b>	<b>FNL</b>	<b>1,980'</b>	<b>FEL</b>	<b>Eddy</b>

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres <b>40</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

	<p><sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Debbie Chavez</i> Signature</p> <p>Debbie Chavez Printed Name</p> <p>Engineering Technician Title and E-mail Address</p> <p>1/6/09 Date</p>
	<p><sup>18</sup> 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></p> <p>Refer to Original Plat</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

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 & Natural Resources Department  
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

<sup>1</sup> API Number 30-025-33345		<sup>2</sup> Pool Code 96556	<sup>3</sup> Pool Name East Cotton Draw; Bone Springs
<sup>4</sup> Property Code 029442	<sup>5</sup> Property Name Haracz AMO		<sup>6</sup> Well Number #7
<sup>7</sup> OGRID No. 025575	<sup>8</sup> Operator Name Yates Petroleum Corporation		<sup>9</sup> Elevation 3,559'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	24	24S	31E		1,980'	FNL	1,980'	FEL	Eddy

<sup>11</sup> 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
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<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

	<sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature: <i>Debbie Chavez</i>
	Debbie Chavez Printed Name Engineering Technician Title and E-mail Address 1/6/09 Date
	<sup>18</sup> 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

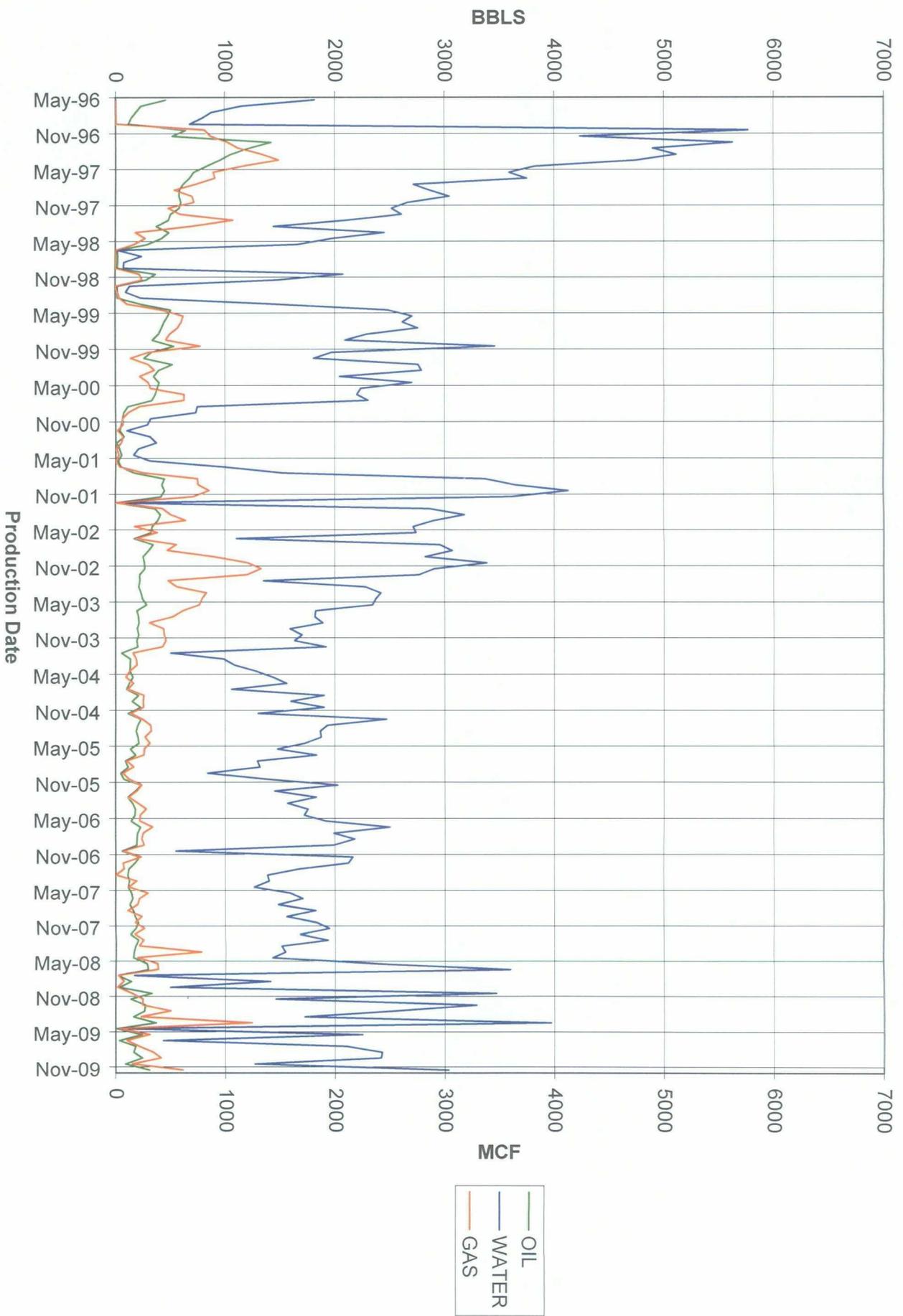
There are no working, royalty and overriding royalty interests in this well other than Yates Petroleum Corporation

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

We are currently producing the Delaware perfs only. There is a RBP above the Bone Springs perforations. We have an approved commingle order, DHC-1430 to commingle production from Delaware and Bone Springs from 1997 (see attachment). We now want to pull this RBP to produce the two existing Bone Spring zones with the current Delaware zone and we also want to add perfs in the Avalon shale in between those two existing Bone Springs zones. This will add to the daily production and improve the economics of the well.

HARACZ AMO FEDERAL #7 (029442-007)

Cum Monthly Prod:  
Oil = 42,311  
Gas = 58,184  
Water = 443,430





NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1430

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Attention: Mr. Morris Keith

*Haracz 'AMO' Federal No.7  
Unit F, Section 19, Township 24 South, Range 32 East, NMPM,  
Lea County, New Mexico.  
Wildcat Delaware (96646) and  
East Cotton Draw Bone Spring (96556) Pools*

Dear Mr. Keith:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C., the daily allowable producing rates from the subject well are hereby established as follows:

Oil 230 B/D	Gas 460 Mcf/D	Water 460 B/D
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Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Wildcat Delaware Pool	Oil 80%	Gas 35%
East Cotton Draw Bone Spring Pool	Oil 20%	Gas 65%

REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

cc: Kathy P.  
Michelle  
Geology

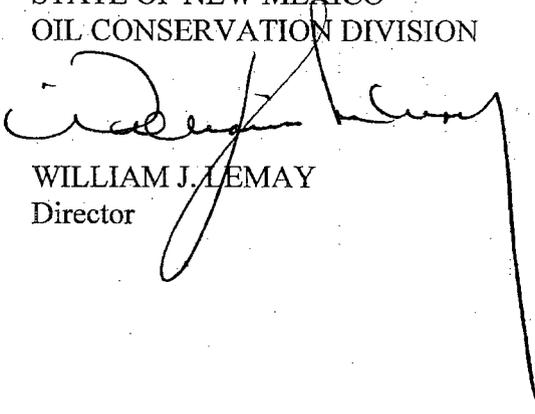
*Administrative Order DHC-1430*  
*Yates Petroleum Corporation*  
*February 10, 1997*  
*Page 2*

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Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 10th day of February, 1997.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

SEAL

WJL/BES

cc: Oil Conservation Division - Hobbs  
Bureau of Land Management - Carlsbad