

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION HOBBS DISTRICT OFFICE

GOVERNOR

POST OFFICE BOX 1980 HOBBS, NEW MEXICO 88241-1980 (505) 393-6161

| \cdot |
|---|
| OIL CONSERVATION DIVISION P. O. BOX 2088 SANTA FE, NEW MEXICO 87501 |
| RE: Proposed: MC DHC NSL NSP SWD WFX PMX |
| Gentlemen: |
| I have examined the application for the: Yates Petroleum Cop Morton Unit #1-B-5-195-35e Operator Lease & Well No. Unit S-T-R |
| and my recommendations are as follows: |
| Kleommend aggroval |
| |
| Yours very truly, |
| Guis Welliams |
| Chris Williams |

Supervisor, District 1

DHC 5/13/98

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



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210

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

April 21, 1998

23

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

Dear Mr. Catanach,

Enclosed are the necessary documents for obtaining approval for the downhole commingling of the Morton Unit #1 located in Unit B of Section 5, Township 15 South, Range 35 East, Lea County. We have applied to add additional pay in the Atoka section. We would sure like to commingle these marginal gas zones while the rig is there.

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

Sincerely,

Many Kent

Morris Keith Engineer

MK/th

Enclosures



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TELEPHONE (505) 748-1471

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DENNIS G. KINSEY

S. P. YATES

April 21, 1998

Chris Willaims State of New Mexico OIL CONSERVATION DIVISION P. O. Drawer 1980 Hobbs, NM 88240

Dear Mr. Sexton,

Enclosed are the necessary documents for obtaining approval for the downhole commingling of the Morton Unit #1 located in Unit B of Section 5, Township 15 South, Range 35 East, Lea County. We have applied to add additional pay in the Atoka section. We would sure like to commingle these marginal gas zones while the rig is there.

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morus Kerl

Morris Keith Engineer

MK/th

Enclosures

<u>DISTRICT I</u>

P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-107-A New 3-12-96

OIL CONSERVATION DIVISION

2040 S. Pacheco Santa Fe, New Mexico 87505-6429 APPROVAL PROCESS:
X Administrative Hearing

DISTRICT III

<u>DISTRICT II</u>

1000 Rio Brazos Rd, Aztec, NM 87410-1693

Yates Petroleum Corporation

811 South First St., Artesia, NM 88210-2835

APPLICATION FOR DOWNHOLE COMMINGLING

Artesia, NM 88210

X Yes ____ No

____Yes ___ No

X Yes ___ No

Yes X No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered,

105 S. Fourth Street

10. Are all working, overriding, and royalty interests identical in all commingled zones?

If not, have all working, overriding, and royalty interests been notified by certified mail? Have all offset operators been given written notice of the proposed downhole commingling?

and will the allocation formula be reliable. ____ Yes ___ No (If No, attach explanation)

EXISTING WELLBORE

X YES NO

| ton Unit | 1 | B 5-15S-35E | Lea |
|---|---|--------------------------------|--|
| | Well No. Ur | nit Ltr Sec - Twp - Rge | County |
| ID NO. <u>025575</u> Property Co | de <u>018677</u> api no. | 30-025-33314 Federal | Untilessa Types: (check 1 or more) State X (and/or) Fee |
| The following facts are submitted in support of downhole commingling: | Upper Zone | Intermediate Zone | Lower Zone |
| 1. Pool Name and Pool Code | North Morton Atoka (Gas) 96676 | Wildcat Morrow 96070 | Wildcat Mississippian 96593 |
| Top and Bottom of Pay Section (Perforations) | 12524'-12933' | 13207′-13243′ | 13407'-13426' |
| 3. Type of production (Oil or Gas) | Gas | Gas | Gas |
| 4. Method of Production (Flowing or Artificial Lift) | Flowing | Flowing | Flowing |
| 5. Bottomhole Pressure | a. (Current) | a. | a. (Current) |
| Oil Zones - Artificial Lift: Estimated Current | 3886 | 5400 | 6074 |
| Gas & Oil - Flowing: Measured Current | b. (Original) | b. | b. (Original) |
| All Gas Zones: Estimated Or Measured Original | 4000 | 5413 | 6271 |
| 6. Oil Gravity (API) or Gas BTU Content | 1150 | 1210 | 1127 |
| 7. Producing or Shut-In? | Producing | Shut-in | Shut-in |
| Production Marginal? (yes or no) | Yes | Yes | Yes |
| * If Shut-In, give date and oil/gas/water rates of last production | Date: | Date: 1-9-97 | Date: 12-3-96 |
| Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data | Rates: | Rates: O BOPD O BWPD 94 MCFGPD | Rates: O BOPD O BWPD 136 MCFGPD |
| * If Producing, give date and oil/gas/water rates of recent test | Date: Estimated | Date: | Date: |
| (within 60 days) | Rates: 30 BOPD 5 BWPD 1000 MCFGPD | Rates: | Rates: |
| 8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%) | Oii: Gas: 82% | 0il: Gas: 0% 8% | Oil: Gas: 10% |

| 12. Are all produced fluids from all commingled zones compatible with each other? X Yes No |
|--|
| 13. Will the value of production be decreased by commingling? Yes X No (If Yes, attach explanation) |
| 14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau Land Management has been notified in writing of this application. — X—Yes —— No |
| 15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). |
| * 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 all offset operators. * Notification list of working, overriding, and royalty interests for uncommon interest cases. * Any additional statements, data, or documents required to support commingling. |
| I hereby certify that the information above is true and complete to the best of my knowledge and belief. |
| SIGNATURE Mons Keel TITLE Operations Engineer DATE 4.21-98 |
| TYPE OR PRINT NAME Morris Keith TELEPHONE NO. (505) 748-1471 |

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

| 30-025-333 | mber 14 | | ² Pool Code 96676 | | North Morton Atoka (gas) | | | | | |
|---|--|-------------|---|-----------------------|--------------------------|--|--|--|-------------------------|--|
| ⁴ Property Code | THE DESCRIPTION OF THE PERSON | | | ⁵ Property | Name | | | | Well Number | |
| 018677 | m market des | | 1 | Morton Unit | | 1 | | | | |
| OGRID No. | A DECEMBER OF THE PARTY OF THE | No estrum | Operator Name | | | | | | ' Elevation | |
| 025575 | Yat | tes Pet | roleum | Corporatio | n | | . | | 4029' | |
| 023373 | - 11 | | | | Location | | | | | |
| UL or lot no. Section | n Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West | line | County | |
| В 5 | 158 | 35E | | 770 | Name | 2150 | | | | |
| D 1 3 | 1 139 | | om Hol | 770 | North f Different Fro | 2150 | Eas | 3 E | Lea | |
| UL or lot no. Section | - T | | | | | | I n and | | La | |
| UL or lot no. Section | on Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West | line | County | |
| NO ALLOWABL | | | | | ON UNTIL ALL | BY THE DIV | ISION | | NSOLIDATED TIFICATIO | |
| | LOUIS CONTRACT OF STATE OF STA | the report | | | | Signature Tina Hu Printed Nan Operati Title Date | erta ons Tec | ent of my | ian | |
| ACTORNAL AND TO A STATE OF THE | | on the fig. | organia se s | | | I hereby cen was plotted i me or under and correct REFER | tify that the we from field note my supervision to the best of the TO ORIG | ell locations of actual on, and using belief | PLAT | |

New Mexico Oil Conservation Division C-102 Instructions

IF THIS IS AN AMENDED REPORT, CHECK THE BOX LABLED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed contact the appropriate OCD district office. Independent subdivision surveys will not be acceptable.

- The OCD assigned API number for this well
- 2. The pool code for this (proposed) completion
- 3. The pool name for this (proposed) completion
- 4. The property code for this (proposed) completion
- 5. The property name (well name) for this (proposed) completion
- 6. The well number for this (proposed) completion
- 7. Operator's OGRID number
- 8. The operator's name
- 9. The ground level elevation of this well
- 10. The surveyed surface location of this well measured from the section lines NOTE: If the United States government survey designates a Lot Number for this location use that number in the 'UL or lot no.' box. Otherwise use the OCD unit letter.
- Proposed bottom hole location. If this is a horizontal hole indicate the location of the end of the hole.
- The calculated acreage dedicated to this completion to the nearest hundredth of an acre
- Put a Y if more than one completion will be sharing this same acreage or N if this is the only completion on this acreage
- 14. If more than one lease of different ownership has been dedicated to the well show the consolidation code from the following table:
 - C Communitization
 - U Unitization
 - F Forced pooling
 - O Other
 - P Consolidation pending

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!

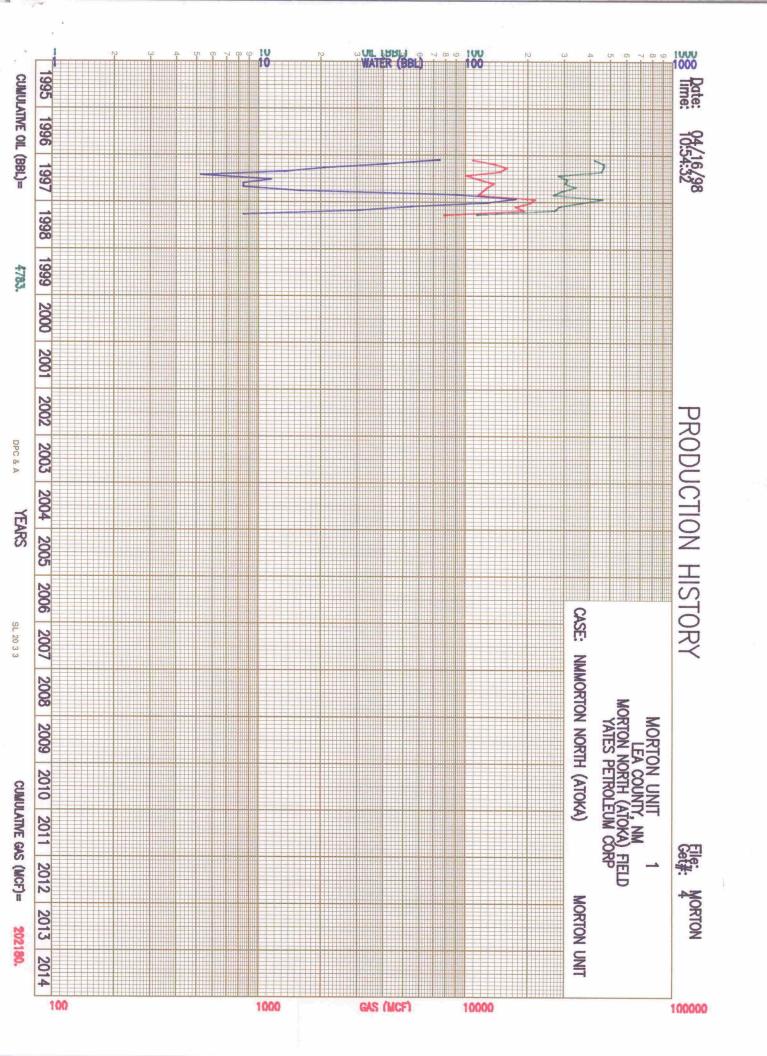
15. Write in the OCD order(s) approving a non-standard location, non-standard spacing, or directional or horizontal drilling

16. This grid represents a standard section. You me superimpose a non-standard section over this grid. Outling the dedicated acreage and the separate leases within the dedicated acreage. Show the well surface location as bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal direction (Note: A legal location is determined from the perpendiculul distance to the edge of the tract.) If this is a high angle horizontal hole show that portion of the well bore that open within this pool.

Show all lots, lot numbers, and their respective acreage

If more than one lease has been dedicated to the completion, outline each one and identify the ownership at to both working interest and royalty.

- The signature, printed name, and title of the perso authorized to make this report, and the date this documen was signed.
- 18. The registered surveyors certification. This section doe not have to be completed if this form has been previousl accepted by the OCD and is being filed for a change of poor or dedicated acreage.



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

PO Box 2088, Santa Fe, NM 87504-2088

API Number

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

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

Signature and Seal of Professional Surveyer:

Certificate Number

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 Pool Code

| | -33314 | | | 96070 | | Wildcat N | at Morrow | | | | | | |
|--|--|--|-----------------------------|-----------|-----------------------|--|---|---|---|--|--|--|--|
| * Property Code 018677 | | | | | 'Property Morton Unit | * Well Number | | | | | | | |
| 'OGRID! | Vo. | Yat | Yates Petroleum Corporation | | | | | | * Elevation 4029 * | | | | |
| - April | ta . | | | | | rface Location | | | | | | | |
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County | | | | |
| В | 5 | 158 | 35E | | 770 | North | 2150 | East | Lea | | | | |
| 1999 | | REPARTS OF | - | tom Hol | e Location I | f Different Fre | NAME AND ADDRESS OF TAXABLE PARTY. | | 3126.61 | | | | |
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County | | | | |
| NO ALLOY | VABLE ' | | | | | ON UNTIL ALL | | | NSOLIDATE | | | | |
| A STATE OF THE STA | States of the st | fire for total ment position in terminal | parameter | 0,018.0 | | 67 3 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | I hereby cert | RATOR CER | n consained herein i | | | | |
| | Month | MAR MAY IN | | es jeandr | | | Printed Nas | | ian | | | | |
| | projeto | CAM DES B | | - Harris | | | Date | designate the grant | | | | | |
| and grain and the special services are special services are special services are special services and the special services are special ser | PED PY | declineces of High engline di contras della | Aparette († | | | · · · · · · · · · · · · · · · · · · · | I hereby cer was plotted me or under and correct | VEYOR CER sify that the well local from field notes of act my supervision, and to the best of my belie TO ORIGINAL | tion shown on this ploy and surveys made by that the same is true f. | | | | |

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- 18. The registered surveyors certification. This section does not have to be completed if this form has been previously accepted by the OCD and is being filed for a change of pool or dedicated acreage.

Production curves are not available for all zones. The Wildcat Morrow produced for only 1 month.

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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

| G VIEWARIN | 五 中国工 前 | | LL LO | | | REAGE DEDI | CATION P | LAT | | | | |
|---------------------------|---------------|--|-------------|----------------|-------------------|--|---|--|---|--|--|--|
| | API Numb | | | | | | | | | | | |
| | 5-33314 | | | 96593 | | | ississippia | | | | | |
| Property | | Buch I | | i c. T | ¹ Property | | ' Well Number | | | | | |
| 01867 | | Morton Unit Operator Name | | | | | | 1 | | | | |
| | No. | a seal and | per greened | | - | | | | · Elevation | | | |
| 025575 | nes dime | Ya | tes Pet | roleum | Corporatio | | | 4029' | | | | |
| 1000 | atio . | Lat to | | T | 10 Surface | ~ | | T | | | | |
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County | | | |
| В | 5 | 15S | 35E | | 770 | North | 2150 | East | Lea | | | |
| 1907 | National | Antonia an | | | | f Different Fr | | _ | | | | |
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County | | | |
| ² Dedicated Ac | nte Die S | | | A Control link | Order No. | | | | | | | |
| | panasing take | Carla arress | parijetani | | En Cartes Company | 10 10 10 10 10 10 10 10 10 10 10 10 10 1 | Signature Tina Hu Printed Na | me | ergos ir aprilidadi ir gaz report, marino gaz gazes arganesia ir appirator arganesia | | | |
| | a been to | ar ja va | | | | | Title | ions Technic | cian | | | |
| | | Street of S | | co estados | | | Date | arintares (Mir. bill | milestage (1986 | | | |
| All targets | a and of | and house the same of the same | | | | | I hereby cen was plotted me or under and correct REFER Date of Sur | VEYOR CER rify that the well locat from field notes of act r my supervision, and to the best of my belie TO ORIGINAL vey ad Scal of Professional | tion shown on this plant surveys made by that the same is true of. PLAT | | | |
| | | | | | CAMP CAMP | Care Transfer Inc. | | | | | | |
| | | | | 1 | | | Certificate ! | Number | | | | |

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| gins 46 \ Santa | | 38 15 Ar 41 | | Kinsolying 47 98 | Kinealving E. Kinealving 213,51 Jasper | J.L. |
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| Yates Pet., etal 3.1.38 VA-840 VS-2 Amerinal Sameter 37t | Elk Oil Yates Pet, etal Anderson-St. 2 . 1 · 2001 V · 48 26 231 25 | 96249 30022 30022 Feather stone Ander-Feather Ignneds son Fad stones U.S. Mins. | 2 1 2001 4 1 96 V 4827 V 3643 23750 5542 Featherstone Arteol-St. | Yates Pet. etal (1) (10) (2 2 3 5 Yates Set. (Somedan) (Chambara Set. 1) (Somedan) (Chambara Set. 1) (U.S. | Yotes Pet, 2tol 3-1-2005 3-4626 10.000 Last on Height Control Last on | Marathon 12 · 5 · 93 |
| 35— Yates Pet, etal UMC % 12 · 6 · 99 2 · 2 · 99 2 · 1 · 99 37 | EIROII A Yates Pet.etal UMC 3/4 P.A.Clark 128 98 1 30 39 12 28 98 3 4 9 2 3 7 3 3 Lucy E. Cullen, etal, MI Jean C.Jares (UMC Pet) | W.A. Anderson J. retails) Apply Total Bull Apply Total Bu | Mid Perry 32 | TalesPet,etal Union E.R. Brune UR UR UR UR I I I I I I I I I I I I I I | U.S., MI Union 34 Queens 34 Queens 34 Queens 34 Queens 34 Queens 35 | |
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| Lapoitte Caswell ufe cetal | (Samedan, 72) He Watson, Inc. (Samedan, 72) To base of Parm. (Exxon) | | ICA (Wood Oil) | CH. Gillaspia Jr. Gillespie Jr. Charles | C.S.Cules David Re PSLE Jelmin Res require 2 7 5 5 5 5 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | Dane, Nike Field (5) |

Production curves are not available for all zones. The Wildcat Mississippian produced for only 2 months.

YATES PETROLEUM CORPORATION APPLICATION FOR ADMINISTRATIVE APPROVAL DOWNHOLE COMMINGLING MORTON UNIT #1 LEA COUNTY, NEW MEXICO

J. M. Huber Corporation 2000 W. Loop South Houston, TX 77027

Rand Paulson Oil P. O. Box 9660 Rancho Santa Fe, CA 92067

Spirit Energy 76 P. O. Box 3100 Midland, TX 79702 Permian Resources, Inc. P. O. Drawer 590 Midland, TX 79702

Ocean Energy P. O. Box 4600 Houston, TX 77210

1936 - 1986



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 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

April 21, 1998

J.M. Huber Corporation 2000 W. Loop South Houston, TX 77027

Ladies and Gentlemen,

Yates Petroleum Corporation has made an application for administrative approval for downhole commingling for the Morton Unit #1 located in Unit B of Section 5, Township 15 South, Range 35 East, Lea County. Please find attached application. This will serve as notification to an offset operator.

Should you have any questions, or need additional information, please do not hesitate to contact me at (505) 748-1471.

Sincerely,

Morris Keith Operations Engineer

Morus Keach



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