

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
☒ Yes ☐ No

JUN 27 2007

OCD-ARTESIA

APPLICATION FOR DOWNHOLE COMMINGLING

Yates Petroleum Corporation 105 South Forth Street, Artesia, NM 88210

Operator Ernest AUQ #1 Unit L – Section 35 - 17S-25E Address Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 025575 Property Code 024505 API No. 30-015- 30950 Lease Type: Federal State X Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat; Cisco		Atoka; Morrow, W.
Pool Code			70760
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6,496-6,660'		8,427-8,760'
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)	1100 BTU		1100 BTU
Producing, Shut-In or New Zone	New Zone		
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: New Zone Rates:		Date: 5/31/07 0 BOPD Rates: 0 BWPD 42 MCFPD
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:

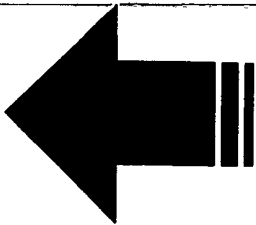
List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Shannon Moss TITLE Operations Engineer DATE 6/14/07

TYPE OR PRINT NAME Shannon Moss TELEPHONE NO. (505) 748-4209

E-MAIL ADDRESS shannonm@ypcnm.com



Landscape
New Form Fol

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State of New Mexico **ATTACHMENT A**
Energy, Minerals & Natural Resources
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-30950	² Pool Code 70760	³ Pool Name Atoka; Morrow, W.
⁴ Property Code 024505	⁵ Property Name Ernest AUQ	
⁷ OGRID No 025575	⁸ Operator Name Yates Petroleum Corporation	
		⁶ Well Number #1
		⁹ Elevation 3,504'

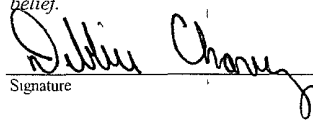
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	35	17S	25E		1,980'	South	990'	West	Eddy

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.					

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>¹⁷ 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</p> <p>Debbie Chavez Printed Name</p> <p>Engineering Technician</p> <p>Title and E-mail Address</p> <p>May 23, 2007</p> <p>Date</p>
				<p>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</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

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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

¹ API Number 30-015-30950		² Pool Code		³ Pool Name Wildcat; Cisco	
⁴ Property Code 024505		⁵ Property Name Ernest AUQ			⁶ Well Number #1
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3,504'

¹⁰ Surface Location

UL or lot no. L	Section 35	Township 17S	Range 25E	Lot Idn	Feet from the 1,980'	North/South line South	Feet from the 990'	East/West line West	County Eddy
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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
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¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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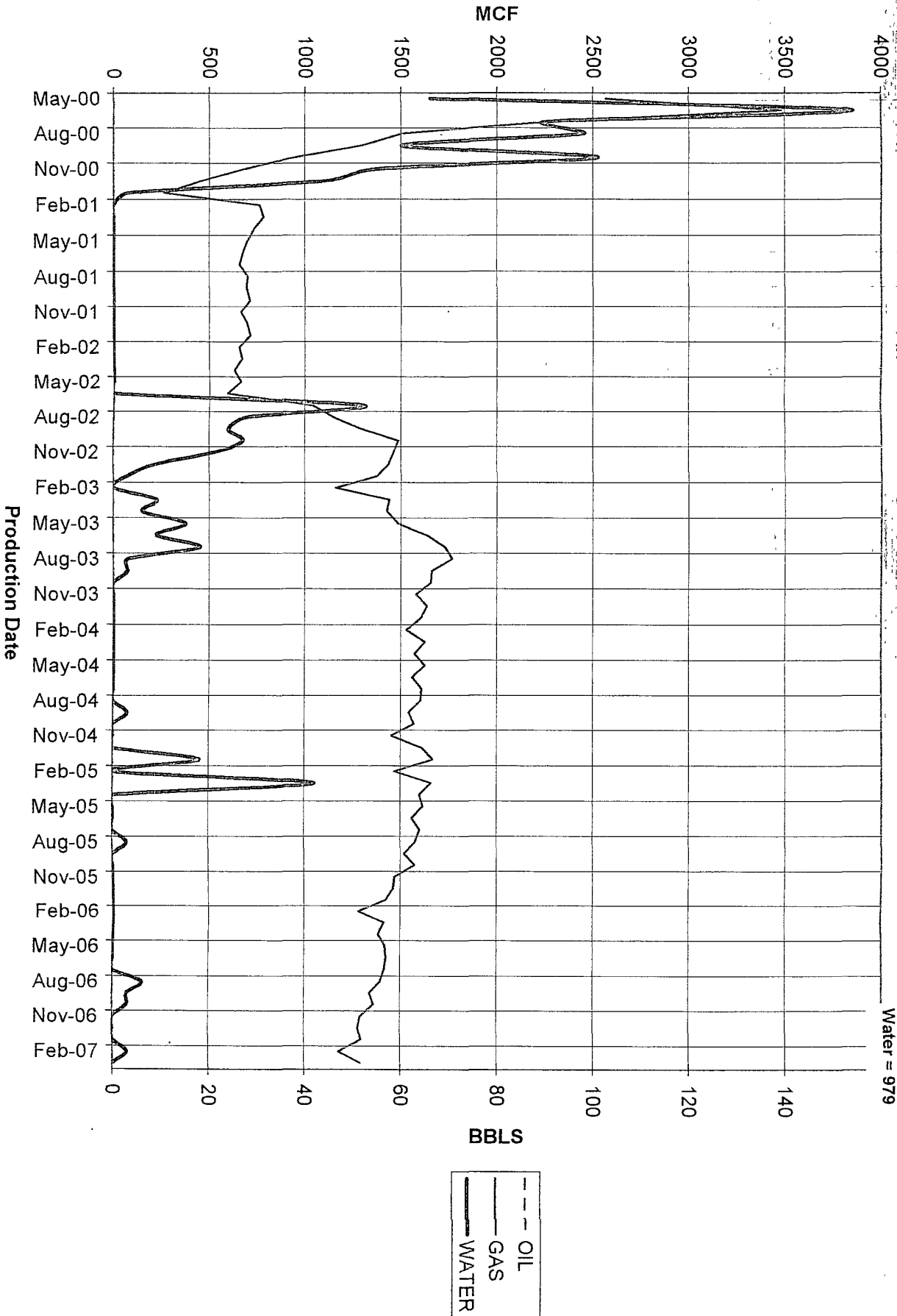
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	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Debbie Chavez</i> Signature</p> <p>Debbie Chavez Printed Name</p> <p>Engineering Technician</p> <p>Title and E-mail Address</p> <p>May 23, 2007</p> <p>Date</p>			
	<p>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</p> <p>Refer to Original Plat</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>Certificate Number</p>			

ATTACHMENT B

ERNEST AUQ #1 (024505-001)

Cum Monthly Prod:
Oil = 0
Gas = 109,314
Water = 979



ATTACHMENT C

To Whom It May Concern:

The Ernest AUQ #1 (S35 – T17S – R25E, 1980' FSL & 990' FWL) is making 42 mcf/d (1100 btu gas) from the Eagle Creek Atoka/Morrow pool. The proposed Cisco interval (Eagle Creek Permo Penn) will also be 1100 btu gas and I estimate will contribute an additional 300 mcf/d. The DHC is needed to prevent waste and enable higher cums with extended well life. These intervals are compatible and neither will be damaged by the proposed commingle. Thank you.

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
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JOHN A. YATES, JR.
SENIOR VICE PRESIDENT

JUN 27 2007
OCD-ARTESIA

June 14, 2007

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

Re: Ernest AUQ #1

Dear Mr. Gum:

Enclosed please find a copy of form C-107A (Application for Downhole Commingling) on Yates Petroleum Corporation Ernest AUQ #1 of 35-17S-25E, Eddy County, New Mexico.

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

Sincerely,

Debbie Chavez
Engineering Technician