

Application for Downhole Commingling
Superior KJ Federal #1
990' FNL & 990' FWL Unit D
Sec. 7-T20S-R29E Eddy County, NM

Reason for Application:

Yates Petroleum Corporation requests approval to commingle the Morrow from old Morrow perfs 11,265' - 11,281' and 11,188' - 11,193' and new Morrow perfs 11,161' - 11,167' and 10,991' - 11,000' with the Atoka (10,764'-10,784'). Production from the Morrow was tested and found to be marginal and the additional Morrow zones to be added are expected to be marginal. Commingling with the Atoka will prevent the early abandonment (and resulting mineral resource waste) of the Morrow.

1. Name and Address of the Operator:

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210
Attention: Chuck Morgan

2. Lease Data:

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Pools: Burton Flat Morrow, East
Burton Flat Atoka, East

3. Acreage dedication plat and lease map including offset operators. See Attachment A-I and A-II.

4. Productivity Test:

- A. Existing Morrow zone capable of 25 MCFPD & no condensate.
- B. New Morrow will be swab & flow tested.
- C. Atoka will be swab & flow tested.

5. Production History:

A. Existing Morrow Data:

See attached decline curve and completion summary for the Morrow. Remaining reserves for the Morrow are estimated at 17,000 Mcf (derived from decline curve analysis).
See attached graph.

B. New Morrow Perfs:

N. A.
N. A.

C. Atoka:

N. A.