

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 14, 2003

Re: Surface Commingling Application

Dear Mr. Catanach,



As per your request in the letter dated April 3, 2003 the following information is being furnished.

The original application to surface commingle the Cottonwood Ranch MK St. #1 (Penn formation) and #5 (Abo formation) was submitted on Jan. 2, 2003. The recent application dated March 19, 2003 is requesting approval to add the Abo formation to the #1 well only. The following is in reply to your questions.

- (a) The Cottonwood Ranch MK St. #1 is dually completed in the Abo and Penn formations. Commingling does not occur until the surface.
- (b) The production between the Abo and Penn for the #1 well only will be allocated based off of initial test percentage factors obtained prior to opening the surface valve to commingle the (2) zones. The production between the #1 well and the #5 well is allocated based off of well tests performed monthly.
NOTE: Even though we are capable of well testing the production from the (2) zones on the #1 well by closing the surface valves, we are requesting an alternative method due to the marginal production volumes of this well.
avg daily production:
Abo formation = oil -0- bbls per day
gas 46 mcf pd
Penn formation = oil 7 bbls per day
gas 2 mcf pd
- (c) Attached are the plats for each of the wells.

If you have any questions please don't hesitate to call me at 505-748-4205.

Sincerely,

Michelle Taylor
Regulatory Compliance Manager

625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-005-60615	² Pool Code	³ Pool Name Undesignated Cottonwood Ranch Penn
⁴ Property Code 12158	⁵ Property Name Cottonwood Ranch MK State	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁶ Well Number #1
		⁹ Elevation 3752' GR

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
B	36	6S	25E		660	North	1980	East	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

<p>660'</p> <p>1980'</p> <p>Cottonwood Ranch MK State No. 1</p>	<p>All of Sec 36 State lease No</p> <p>L-4283</p>	<p>L-4283</p> <p>Cottonwood Ranch MK State No 5</p>	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Susan Herpin</i> Signature</p>
			<p>Susan Herpin Printed Name</p> <p>Engineering Technician Title</p> <p>January 29, 2002 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>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>See Original Plat</p> <p>Certificate Number</p>

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

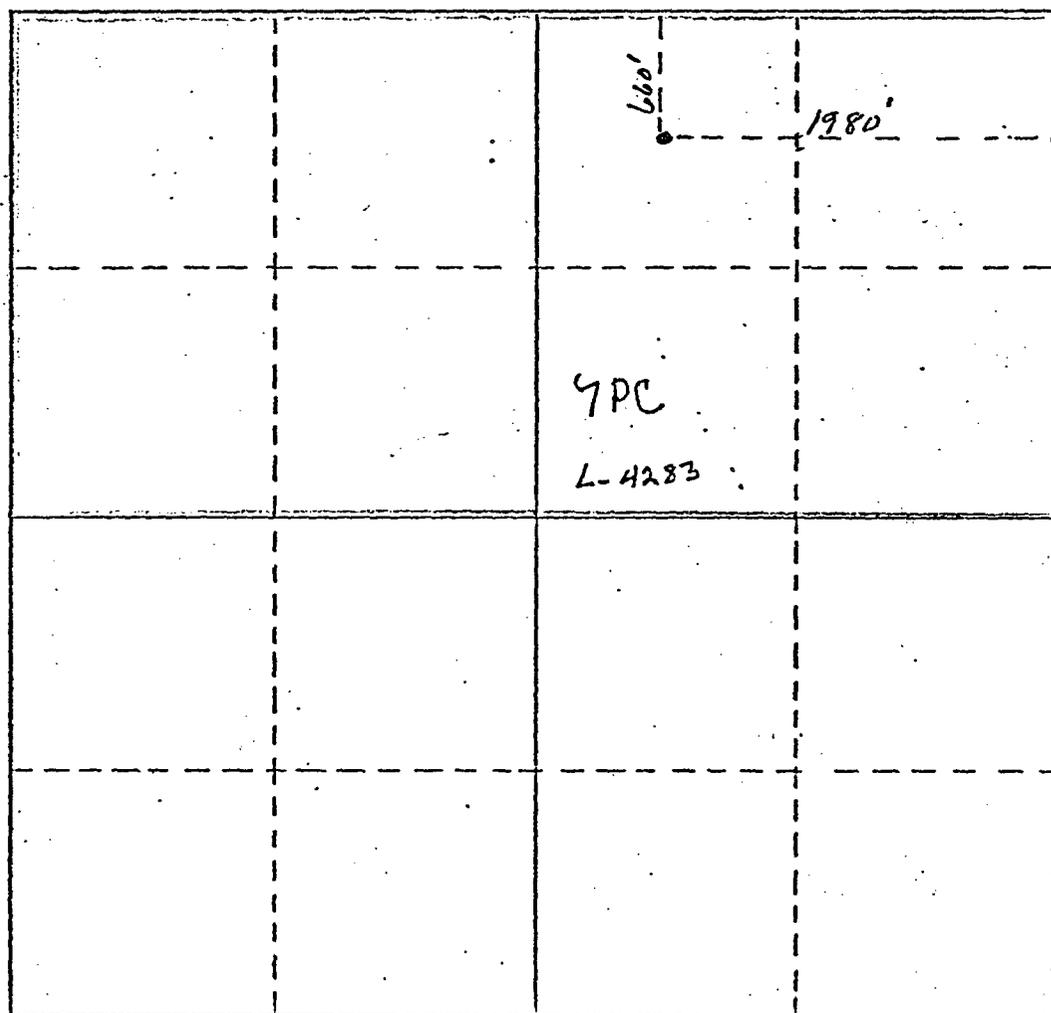
Operator Yates Petroleum Corporation		Lease Cottonwood Ranch MK State			Well No. 1
Unit Letter B	Section 36	Township 6S	Range 25E	County Chaves	
Actual Postage Location of Well: 660 feet from the North line and 1980 feet from the East line					
Ground Level Elev. 3752'	Producing Formation Abo	Pool Undesignated			Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name
Eddie M. Mahfood

Position
Engineer

Company
Yates Petroleum Corp.

Date
1-10-80

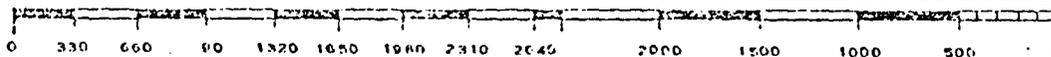
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Refer to original plat

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.



00, Hobbs, NM 88240
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name PECOS SLOPE Abo
Property Code	Property Name COTTONWOOD RANCH "MK" STATE	Well Number 5
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3714

Surface Location

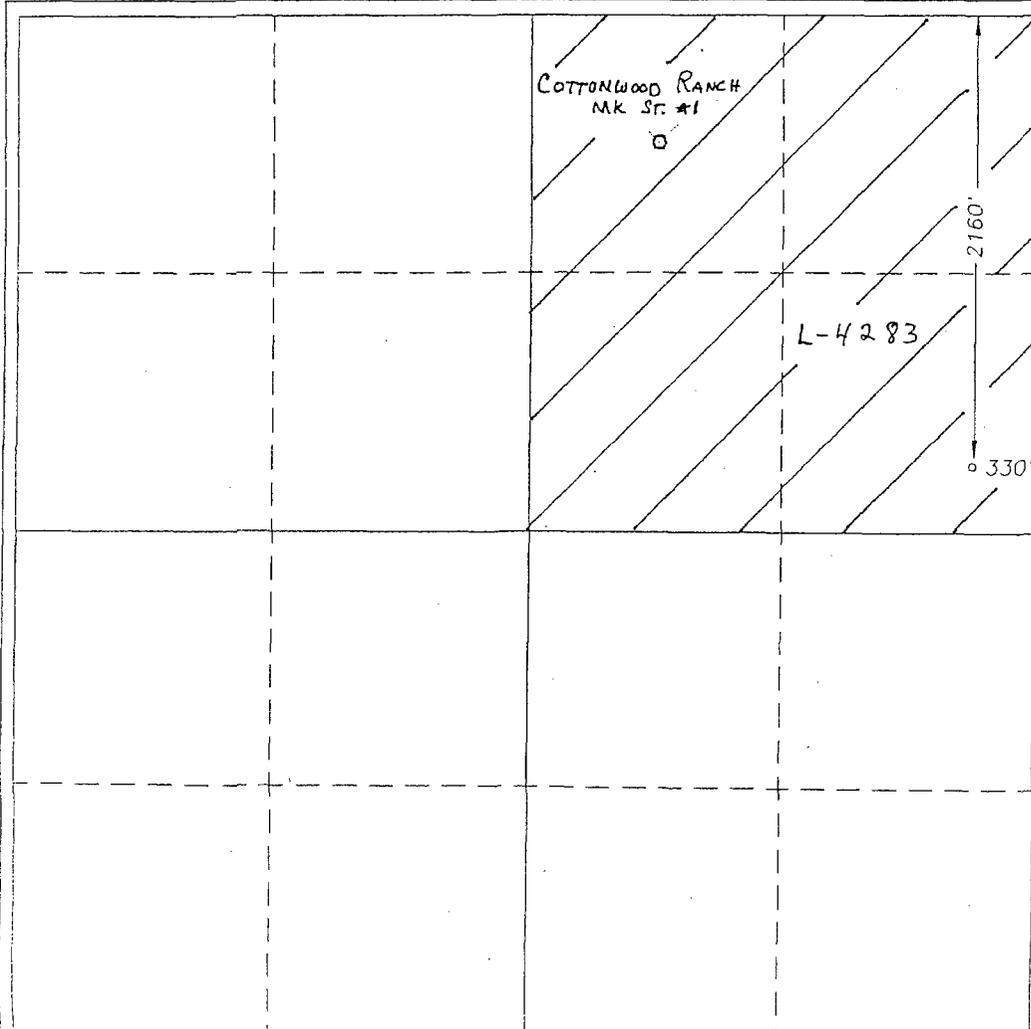
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	36	6S	25E		2160	NORTH	330	EAST	CHAVES

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

Dedicated Acres 160	Joint or Infill	Consolidation Code	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



OPERATOR CERTIFICATION

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

Clinton R. May
Signature
Clinton R. May
Printed Name
Regulatory Agent
Title
June 9, 1997
Date

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.

3/12/97
Date Surveyed
Signature & Seal of Professional Surveyor
[Signature]
Certificate No. Herschel
P.L.S. 3640