

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

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

Form C-107A
Revised June 10, 2003

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator **Yates Petroleum Corporation** Address **105 South Forth Street, Artesia, NM 88210**

Lease **Dowell "MV" No. 3** Well No. **Unit letter N, Sec 33 - T18S-26E** Unit Letter-Section-Township-Range **(S/2 33)** County **Eddy**

OGRID No. **025575** Property Code **12205** API No. **30-015-33037** Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Undes. Atoka Wildcat Upper Penn Gas	Undes. Four Mile Draw Strawn, West Wildcat	<input checked="" type="checkbox"/> Undes. Four Mile Draw Atoka, West
Pool Code	70800	96081 ✓	76950 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7,768'-7,944'	8,398'-8,708'	8,908'-8,920'
Method of Production (Flowing or Artificial Lift)	Flowing	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)	Not Completed yet.	Not Completed yet.	3,265 psig SBHP on 9/24/04
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	New Zone	New Zone	Producing
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: Rates:	Date: Rates:	Date: 02/12/2004 0 bopd Rates: 128 mcf/d
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	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: _____

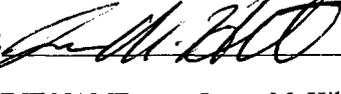
Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation 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  TITLE Operations Engineer DATE 2/8/05

TYPE OR PRINT NAME James M. Hill TELEPHONE NO. (505) 748-4219

E-MAIL ADDRESS mhill@ypcnm.com

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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RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

February 28, 2005

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

Dear Mr. Catanach,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from the Wildcat Upper Penn, Undes. Four Mile Draw Strawn, West and the Undes. Four Mile Draw Morrow, West pools in our Dowell "MV" No. 3 located in Unit letter N, of Section 33, Township 18 South, Range 26 East, in Eddy County, NM.

If you have any questions or need additional information, please call me at (505) 748-4219.

Sincerely,

James M. Hill (Mike)
Operations Engineer

MH

Enclosures

The Wildcat Upper Penn is a new zone and production curves are not available.

The Undes. Four Mile Draw Strawn West is a new zone and production curves are not available.

The Undes. Four Mile Draw Atoka West is a new zone and production curves are not available.