

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

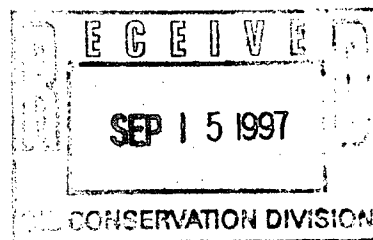
DHC

10/6/97

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

1696

September 10, 1997



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

Dear Mr. Catanach,

Enclosed is an APPLICATION FOR DOWNHOLE COMMINGLING, NMOCD Form C-107-A, for the Corral Draw AQH Federal #1 located in Unit L of Section 13, Township 24 South, Range 29 East, Eddy County, New Mexico. Also enclosed are ATTACHMENTS required by the application.

Yates Petroleum Corporation hereby seeks administrative approval of the application.

If additional information is needed or there are questions, please call me at (505) 748-4174. Thank you for your consideration of this matter.

Sincerely,

Ray Stall
Operations Engineer

RS/th

Enclosures

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September 10, 1997

Tim Gum
State of New Mexico
OIL CONSERVATION DIVISION
811 South First Street
Artesia, NM 88210

Dear Mr. Gum,

Enclosed is an APPLICATION FOR DOWNHOLE COMMINGLING, NMOCD Form C-107-A, for the Corral Draw AQH Federal #1 located in Unit L of Section 13, Township 24 South, Range 29 East, Eddy County, New Mexico. Also enclosed are ATTACHMENTS required by the application.

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September 10, 1997

Richard Manus
Bureau of Land Management
P. O. Box 1778
Carlsbad, NM 88220

Ladies and Gentlemen,

This letter is to notify you that Yates Petroleum Corporation has applied to the New Mexico Oil Conservation Division for administrative approval of downhole commingling in the Corral Draw AQH Federal #1 located in Unit L of Section 13, Township 24 South, Range 29 East, Eddy County, New Mexico. A copy of the application, NMOCD Form C-107-A, is enclosed.

If you have questions, or need additional information, please call me at (505) 748-4174.

Sincerely,

A handwritten signature in cursive script that reads 'Ray Stall'.

Ray Stall
Operations Engineer

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September 10, 1997

Richardson Oil & Gas, Inc.
811 Dallas Street
Houston, TX 77002-5900

Ladies and Gentlemen,

This letter is to notify you as an offset operator that Yates Petroleum Corporation has applied to the New Mexico Oil Conservation Division for administrative approval of downhole commingling in the Corral Draw AQH Federal #1 located in Unit L of Section 13, Township 24 South, Range 29 East, Eddy County, New Mexico. A copy of the application, NMOCD Form C-107-A, is enclosed.

If you have questions, or need additional information, please call me at (505) 748-4174.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ray Stall', is written over a horizontal line.

Ray Stall
Operations Engineer

RS/th

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September 10, 1997

Collins & Ware, Inc.
508 West Wall Ave.
Suite 1200
Midland, TX 79701

Ladies and Gentlemen,

This letter is to notify you as an offset operator that Yates Petroleum Corporation has applied to the New Mexico Oil Conservation Division for administrative approval of downhole commingling in the Corral Draw AQH Federal #1 located in Unit L of Section 13, Township 24 South, Range 29 East, Eddy County, New Mexico. A copy of the application, NMOCD Form C-107-A, is enclosed.

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September 10, 1997

Penwell Energy, Inc.
1100 Arco Building
600 North Marienfeld
Midland, TX 79701

Ladies and Gentlemen,

This letter is to notify you as an offset operator that Yates Petroleum Corporation has applied to the New Mexico Oil Conservation Division for administrative approval of downhole commingling in the Corral Draw AQH Federal #1 located in Unit L of Section 13, Township 24 South, Range 29 East, Eddy County, New Mexico. A copy of the application, NMOCD Form C-107-A, is enclosed.

If you have questions, or need additional information, please call me at (505) 748-4174.

Sincerely,

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Ray Stall
Operations Engineer

RS/th

DISTRICT I

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

State of New Mexico
Energy, Minerals and Natural Resources DepartmentForm C-107-A
New 3-12-96**DISTRICT II**

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

OIL CONSERVATION DIVISION2040 S. Pacheco
Santa Fe, New Mexico 87505-6429**APPROVAL PROCESS:**☒ Administrative ☐ Hearing**DISTRICT III**

1000 Rio Brazos Rd, Aztec, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING**EXISTING WELLBORE**☒ YES ☐ NO

Yates Petroleum Corporation

105 S. Fourth Street

Artesia, NM 88210

Operator

Address

Corral Draw AQH Federal

1

L-13-24S-29E

Eddy

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

OGRID NO. 025575Property Code 020474API NO. 30-015-29396

Spacing Unit Lease Types: (check 1 or more)

Federal ☒ State ☐ (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	Undesignated Delaware		Pierce Crossing Bone Springs, East 50371
2. Top and Bottom of Pay Section (Perforations)	6005'-6007'		8042'-8165' cmt sqzd 9017'-9070'
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 2723 (DST) b. (Original)	a. b.	a. (Current) 3000 b. (Original)
6. Oil Gravity (API) or Gas BTU Content	40.5° @ 60°F		41.8° @ 60°F
7. Producing or Shut-In?	Producing		Shut-In
Production Marginal? (yes or no)	No		Yes
* If Shut-In, give 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: 5-8-97 Rates: 14 BOPD 24 BWPD 0 MCFD
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 8-29-97 Rates: 42 BOPD 128 BWPD 20 MCFD	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: 75% Gas: 100%	Oil: % Gas: %	Oil: 25% Gas: 0%

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

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

☒ Yes ☐ No

If not, have all working, overriding, and royalty interests been notified by certified mail?

☐ Yes ☐ No

Have all offset operators been given written notice of the proposed downhole commingling?

☒ Yes ☐ No

11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No

13. Will the value of production be decreased by commingling? ☐ Yes ☒ 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. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____

16. 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 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 Ray Stall TITLE Operations Engineer DATE 9-10-97

TYPE OR PRINT NAME Ray Stall 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

¹ APT Number 30-015-29396	² Pool Code	³ Pool Name Undesignated Delaware
⁴ Property Code 020474	⁵ Property Name Corral Draw AQH Federal	⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3053' GR

¹⁰ Surface Location

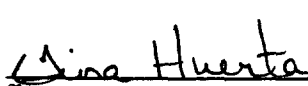

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	13	24S	29E		2310	South	330	West	Eddy

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 40	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

¹⁶					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 Tina Huerta Printed Name Operations Technician Title Date
					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 Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

Production curves for each zone are not available. The Undesignated Delaware has produced for only 2 weeks.

District I
PO Box 1986, Hobbs, NM 88241-1986
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
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Form C-102
Revised February 10, 1994
Instructions on back
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-29396		2 Pool Code 50371		3 Pool Name Pierce Crossing Bone Springs, East	
4 Property Code 020474		5 Property Name Corral Draw AOH Federal			6 Well Number 1
7 OGRID No. 025575		8 Operator Name Yates Petroleum Corporation			9 Elevation 3053' GR

10 Surface Location


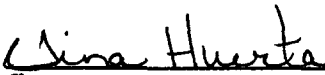
UL or lot no. L	Section 13	Township 24S	Range 29E	Lot Ida	Feet from the 2310	North/South line South	Feet from the 330	East/West line West	County Eddy
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11 Bottom Hole Location If Different From Surface

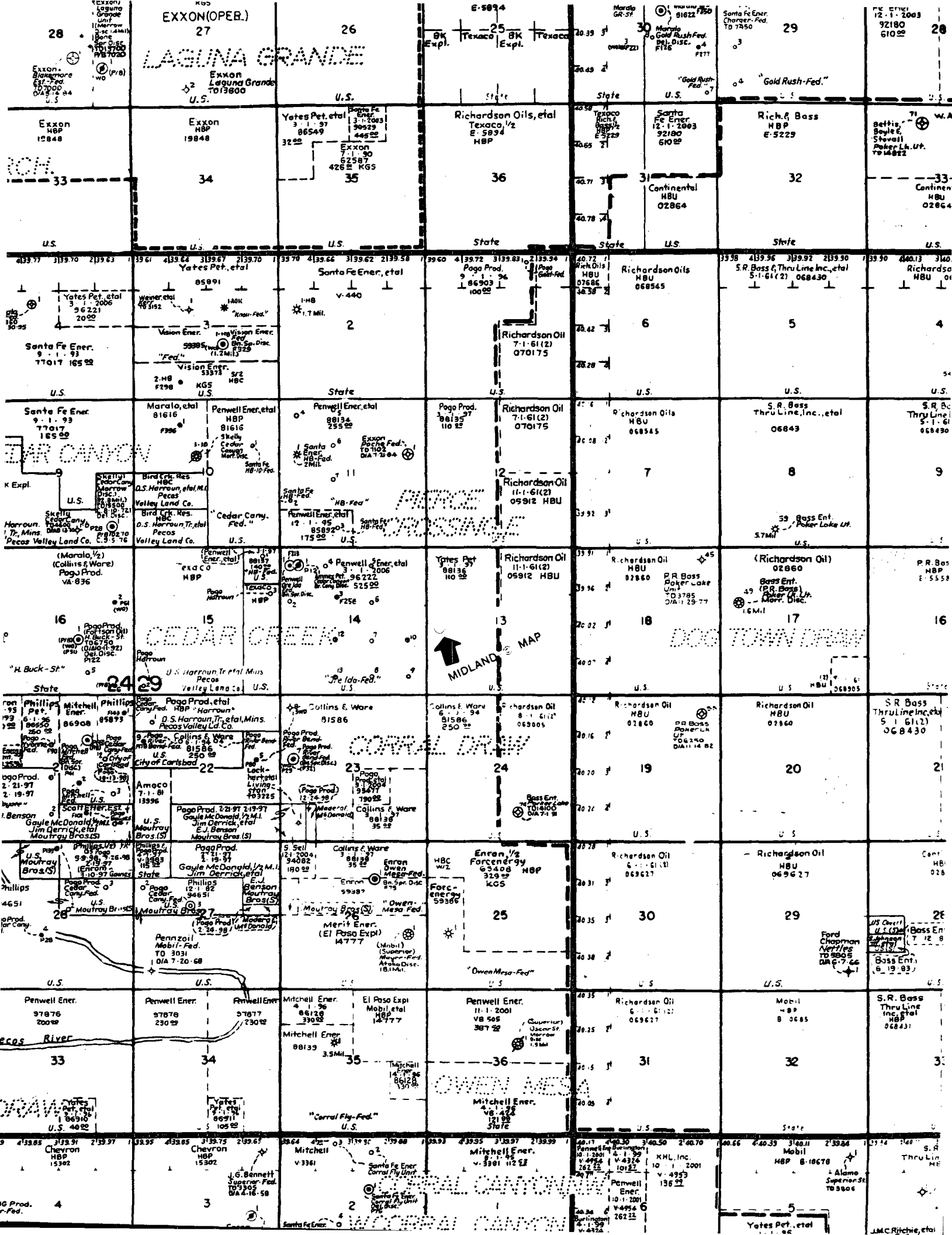
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
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					18 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 Date of Survey Signature and Seal of Professional Surveyer: Certificate Number

Production curves for each zone are not available. The Pierce Crossing Bone Springs, East has produced only 4 months.



YATES PETROLEUM CORPORATION
APPLICATION FOR ADMINISTRATIVE APPROVAL
DOWNHOLE COMMINGLING
CORRAL DRAW AQH FEDERAL #1
EDDY COUNTY, NEW MEXICO

Bureau of Land Management
P. O. Box 1778
Carlsbad, NM 88220

Richardson Oil & Gas, Inc.
811 Dallas Street
Houston, TX 77002-5900

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508 West Wall Ave.
Suite 1200
Midland, TX 79701

Penwell Energy, Inc.
1100 Arco Building
600 North Marienfeld
Midland, TX 79701