

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

☒ Single Well
Establish Pre-Approved Pools

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
☒ Yes ☐ No

2006 MAR 10 PM 2 07

DHC-3669

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM 88210

Operator Address

Datil BFD State Com #1 C 2-9S-26E Chaves
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 025575 Property Code API No. 30-005-63689 Lease Type: Federal X State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Pecos Slope; Abo (Gas)		Foor Ranch; Pre-Permian, (G)
Pool Code	82730		76730 97094
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4530-4900'		6072-6122'
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)			
Producing, Shut-In or New Zone			
	Date: 400 mcfd 0 bopd Rates: 0 bwpd		Date: 2/28/06 91 mcfd Rates: 0 bopd 0 bwpd
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 81%		Oil Gas 19%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No X
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes X No

Are all produced fluids from all commingled zones compatible with each other? Yes X No
Will commingling decrease the value of production? Yes No X

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 X 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 3/2/06

TYPE OR PRINT NAME TELEPHONE NO. (505) 748-4327

E-MAIL ADDRESS mhoskins@ypcnm.com

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address

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

March 6, 2006

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

Re: Datil BFD State Com #1

Dear Mr. Catanach,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from the Pecos Slope; Abo and Foor Ranch; Pre-Permian pools in our Datil BFD State Com #1 located in Unit C of Section 2 Township 9South, Range 26 East, in Chaves County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4327.

Sincerely,

Mark Hoskins
Operations Engineer

MH/dc

Enclosures

2006 MAR 10 PM 2 06

INTEREST OWNERS

Datil BFD State Com #1
API No.: 30-005-63689
Unit C, Section 2-9S-26E
Chaves County, New Mexico

Gary D. McKinney
c/o Reliance Energy
6 Desta Drive, Ste 5500
Midland, TX 79702

Jack L. Waldrop, Jr.
c/o Reliance Energy
6 Desta Drive, Ste 5500
Midland, TX 79702

Les R. Honeyman
406 Skywood Circle
Midland, TX 79705

Clyde C. Wheeler
P.O. Box 50842
Midland, TX 79710-0842

Pete Martinez
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

¹ API Number 30-005-63689	² Pool Code 97094	³ Pool Name Foor Ranch; Pre-Permian, N.
⁴ Property Code 34347	⁵ Property Name Datil BFD State Com	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	
		⁶ Well Number 1
		⁹ Elevation 3850

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	2	9S	26E	N	660	S	1980	W	Chaves

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 320.33	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

16				<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature</p> <p>Debbie Chavez</p> <p>Printed Name</p> <p>Engineering Technician</p> <p>Title and E-mail Address</p> <p>July 7, 2005</p> <p>Date</p>
				<p>18 SURVEYOR CERTIFICATION</p> <p><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></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

The Pecos Slope; Abo (Gas) is a new zone and production curves are not available.

Rate/Time Graph

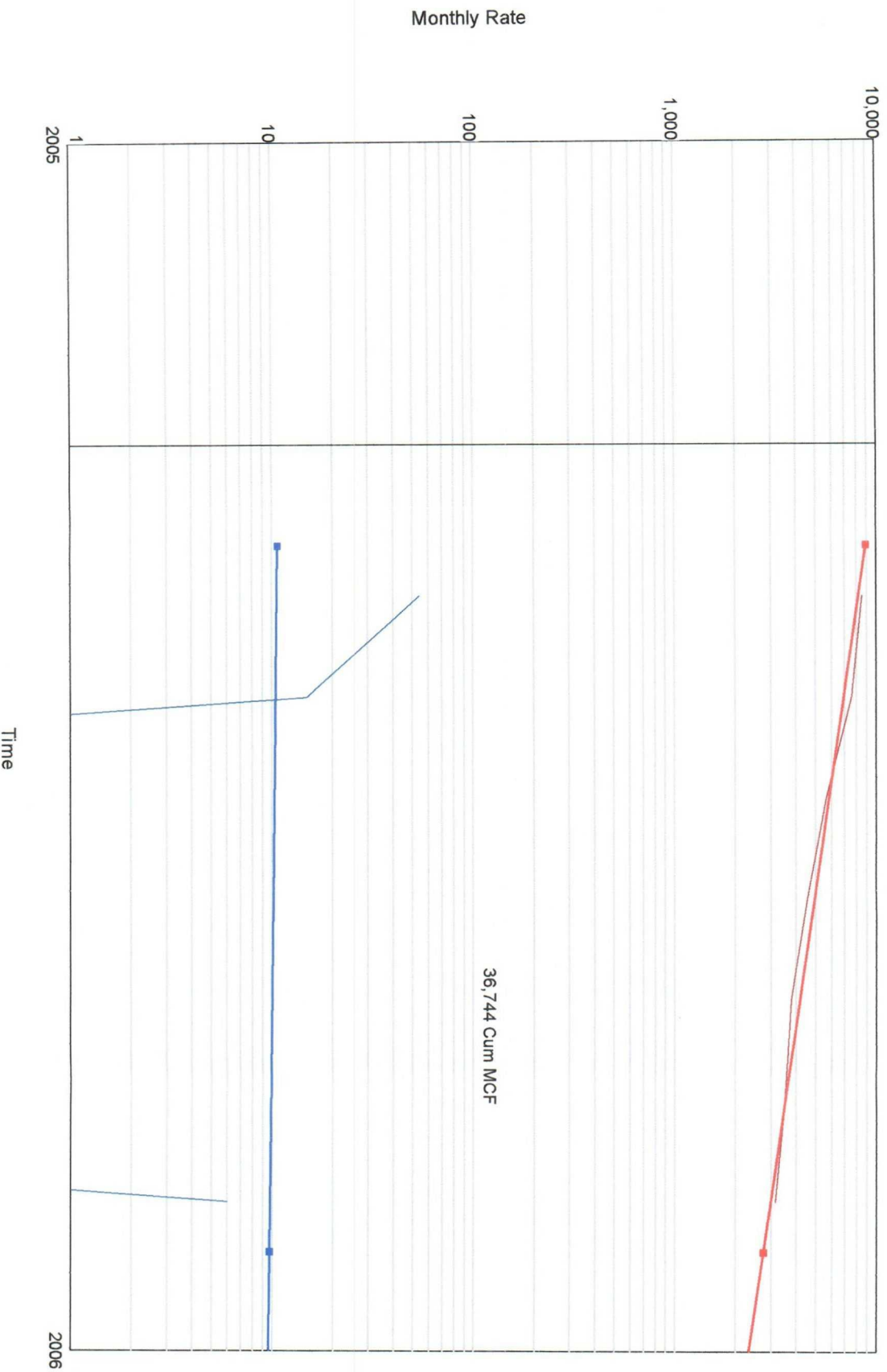
Lease Name: DATIL BFD STATE COM (1)
County, ST: CHAVES, NM
Location: 2N 9S 26E C SE SW

Project: \\s3sys\PUBLIC\PowerTools v7.0\Projects\Datil.MDB

Operator: YATES PETROLEUM CORPORATION
Field Name: FOOR RANCH

Date: 3/2/2006
Time: 10:38 AM

DATIL BFD STATE COM - FOOR RANCH



District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

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 30-005-63689	² Pool Code 82730	³ Pool Name Pecos Slope Abo
⁴ Property Code 34347	⁵ Property Name Datil BFD State	⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3850'GR

¹⁰ Surface Location

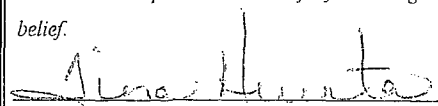
UL or lot no. N	Section 2	Township 9S	Range 26E	Lot Idn	Feet from the 660	North/South line South	Feet from the 1980	East/West line West	County Chaves
--------------------	--------------	----------------	--------------	---------	----------------------	---------------------------	-----------------------	------------------------	------------------

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 160	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

16				RECEIVED APR 25 2005 ALBUQUERQUE	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature)
					Tina Huerta Printed Name Regulatory Compliance Supervisor Title and E-mail Address April 21, 2005 Date
1980' W 510' S					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.
					Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

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

March 2, 2006

Jack L. Waldrop, Jr.
c/o Reliance Energy
6 Desta Drive, Ste 5500
Midland, TX 79702

Re: Datil BFD State Com #1

Dear Mr. Waldrop,

Yates Petroleum Corporation hereby seeks approval to downhole commingle the production from the Pecos Slope Abo and the Foor Ranch Pre-Permian pools in our Datil BFD State Com #1 located in Unit C, of Section 2, Township 9 South, Range 26 East, in Chaves County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4327.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Mark Hoskins', followed by a horizontal line.

Mark Hoskins
Operations Engineer

MH/dc

Enclosures

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

March 2, 2006

Clyde C. Wheeler
P.O. Box 50842
Midland, TX 79710-0842

Re: Datil BFD State Com #1

Dear Mr. Wheeler,

Yates Petroleum Corporation hereby seeks approval to downhole commingle the production from the Pecos Slope Abo and the Foor Ranch Pre-Permian pools in our Datil BFD State Com #1 located in Unit C, of Section 2, Township 9 South, Range 26 East, in Chaves County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4327.

Sincerely,

Mark Hoskins
Operations Engineer

MH/dc

Enclosures

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

March 2, 2006

Gary D. McKinney
c/o Reliance Energy
6 Desta Drive, Ste 5500
Midland, TX 79702

Re: Datil BFD State Com #1

Dear Mr. McKinney,

Yates Petroleum Corporation hereby seeks approval to downhole commingle the production from the Pecos Slope Abo and the Foor Ranch Pre-Permian pools in our Datil BFD State Com #1 located in Unit C, of Section 2, Township 9 South, Range 26 East, in Chaves County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4327.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Mark Hoskins', followed by a horizontal line.

Mark Hoskins
Operations Engineer

MH/dc

Enclosures

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

March 2, 2006

Les R. Honeyman
406 Skywood Circle
Midland, TX 7705

Re: Datil BFD State Com #1

Dear Mr. Honeyman,

Yates Petroleum Corporation hereby seeks approval to downhole commingle the production from the Pecos Slope Abo and the Foor Ranch Pre-Permian pools in our Datil BFD State Com #1 located in Unit C, of Section 2, Township 9 South, Range 26 East, in Chaves County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4327.

Sincerely,

Mark Hoskins
Operations Engineer

MH/dc

Enclosures

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

March 6, 2006

Pete Martinez
State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, NM 87504-1148

Re: Datil BFD State Com #1

Dear Mr. Martinez,

Yates Petroleum Corporation hereby seeks approval to downhole commingle the production from the Pecos Slope Abo and the Foor Ranch Pre-Permian pools in our Datil BFD State Com #1 located in Unit C, of Section 2, Township 9 South, Range 26 East, in Chaves County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4327.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Mark Hoskins', written in dark ink.

Mark Hoskins
Operations Engineer

MH/dc

Enclosures