

DATE IN 6/16/06	SUSPENSE	WILL JONES ENGINEER	LOGGED IN 6/16/06	TYPE DHC	APP NO. PTDS0616748138
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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

June 14, 2006

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

Re: Jester BFJ Federal #1

Dear Mr. Jones,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from the Pierce Crossing East Bone Springs and Cedar Canyon Delaware pools in Jester BFJ Federal #1 located in Unit N, of Section 12, Township 24 South, Range 29 East, Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Margrethe Hotter
Operations Engineer

MH/dc

Enclosures

2006 JUN 16 PM 3:41

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
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

APPLICATION FOR DOWNHOLE COMMINGLING

Yates Petroleum Corporation 105 South Forth Street, Artesia, NM 88210

DAC-3729

Operator: Jester BFJ Federal #1 Unit N - Section 12 - 24S-29E Eddy
Lease: Well No. Unit Letter-Section-Township-Range County

OGRID No. 025575 Property Code 033510 API No. 30-015-34275 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>UNDES</u> Cedar Canyon Delaware <i>oil</i>		<u>UNDES</u> Pierce Crossing East Bone Springs <i>oil</i>
Pool Code	11540 ✓		96473 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6,028-7,048'		7,616-9,156
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	New Zone		New Zone
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: New Zone Rates:		Date: New Zone Rates:
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

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 Margrethe F. Hotter TITLE Operations Engineer DATE _____

TYPE OR PRINT NAME Margrethe Hotter TELEPHONE NO. (505) 748-4165

E-MAIL ADDRESS mhotter@ypcnm.com

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 30-015-34275		² Pool Code 11540		³ Pool Name Cedar Canyon Delaware	
⁴ Property Code 033510		⁵ Property Name Jester BFJ Federal			⁶ Well Number #1
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3,103'

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
N	12	24S	29E		630'	South	2,310'	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.			

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

					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>	
					<i>Debbie Chavez</i> Signature	
					Debbie Chavez Printed Name	
					Engineering Technician Title and E-mail Address	
					June 13, 2006 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:	
<p>A diagram showing a well location. A horizontal line is labeled '2310'' and a vertical line is labeled '630''. A small circle representing the well is at the end of the vertical line.</p>				Certificate Number		

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Revised June 10, 2003
Submit to Appropriate District Office
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-34275		² Pool Code 96473		³ Pool Name Pierce Crossing East Bone Springs	
⁴ Property Code 033510		⁵ Property Name Jester BFJ Federal			⁶ Well Number #1
⁷ OGRID No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3,103'

¹⁰ Surface Location

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	<p>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></p> <p><i>Debbie Chavez</i> Signature</p> <p>Debbie Chavez Printed Name</p> <p>Engineering Technician Title and E-mail Address</p> <p>June 13, 2006 Date</p>
	<p>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></p> <p>Refer to Original Plat</p>
	<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
	<p>Certificate Number</p>

The Cedar Canyon Delaware is a new zone and production curves are not available.

The Pierce Crossing East Bones Springs is a new zone and production curves are not available.

There are no working, royalty and overriding royalty interests in this well other than Yates Petroleum Corporation