

DATE: 11/21/07	SUSPENSE	ENGINEER: W. Sener	LOGGED IN: 11/21/07	TYPE: DHC	APP NO: PKVR 0732555047
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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 _____	

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
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District IV
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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

APPLICATION FOR DOWNHOLE COMMINGLING

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM 88210

Operator

Address

Wyatt BHT State #1

Unit B - Section 6 - 25S-30E

Eddy

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 025575 Property Code 35385 API No. 30-015-34553 Lease Type: Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	UNDES Nash Draw; Delaware/Bone Springs A Val S&D		EAST UNDES Pierce Crossing; Bone Springs
Pool Code	47545		96473 96473
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7,138-7,224'		8,056-8,960'
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)	1272 BTU 43 Oil Gravity		1272 BTU 43 Oil Gravity
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?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐
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 11/15/07

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

E-MAIL ADDRESS mhotter@ypcnm.com

Jones, William V., EMNRD

From: Margrethe Hotter [mhotter@YPCNM.COM]
Sent: Monday, November 26, 2007 9:20 AM
To: Jones, William V., EMNRD
Subject: RE: DHC Application: Wyatt BHT State #1 30-015-34553

Hello William Jones,

The Bone Springs is the deeper Bone Springs. In this particular well we are not perforating in the Avalon Sand, only the sands deeper than the Avalon Sand. The Delaware is the Lower Brushy canyon, right above the top of Bone Springs. I think that because of this the two pool names you mentioned would be the ones for this well.

Hope you had a wonderful thanksgiving and enjoyed all the snow.

Margrethe Hotter

Area Engineer
 Yates Petroleum Corporation
 105 S. 4th St
 Artesia, NM 88210
 Tel. 505-748-4165
 Fax. 505-748-4585

-----Original Message-----

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Wednesday, November 21, 2007 3:40 PM
To: Margrethe Hotter
Cc: Arrant, Bryan, EMNRD
Subject: DHC Application: Wyatt BHT State #1 30-015-34553

Hello Margrethe:

You have applied for DHC in an area where the Delaware and the Bone Spring may be only one Pool and you did not include any discussion as to the portion of the Bone Spring you will be perforating.

Please let me know whether this well will be completed in the Delaware and in the Avalon Sand.

The problem is the Nash Draw; Delaware/Bone Spring (Avalon Sand) Pool could be the only Pool in play here and if so, you would not need a DHC.

Your geologist should know what portion of the Bone Spring the pay zone is.

If this is NOT the Avalon Sand, then I can assume the Pool names are:

Undesignated East Pierce Crossing; Bone Spring Pool and

Undesignated Nash Draw; Delaware/Bone Spring (Avalon Sand) Pool

Is this correct?

Thank You,

William V. Jones PE
 New Mexico Oil Conservation Division
 1220 South St. Francis
 Santa Fe, NM 87505
 505-476-3448

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This inbound email has been scanned by the MessageLabs Email Security System.

11/26/2007

MARTIN YATES, III

1912-1985

FRANK W. YATES

1936-1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (575) 748-1471

S.P. YATES
CHAIRMAN EMERITUS

JOHN A. YATES
CHAIRMAN OF THE BOARD

FRANK YATES, JR.
PRESIDENT

PEYTON YATES
DIRECTOR

JOHN A. YATES, JR.
DIRECTOR

November 14, 2007

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

Re: Wyatt BHT State #1

Dear Mr. Jones:

Enclosed please find a copy of form C-107A (Application for Downhole Commingling) on Yates Petroleum Corporation Wyatt BHT State #1 of 6-25S-30E, Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4361.

Sincerely,

Debbie Chavez
Engineering Technician

Enclosure(s)

RECEIVED
2007 NOV 21 PM 1 35

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

ATTACHMENT A

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-34553	² Pool Code 96473	³ Pool Name Pierce Crossing; Bone Spring
⁴ Property Code 35385	⁵ Property Name Wyatt BHT State	⁶ Well Number #1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3,165

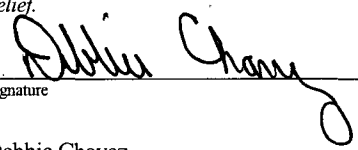
¹⁰ Surface Location

UL or lot no. B	Section 6	Township 25S	Range 30E	Lot Idn	Feet from the 330'	North/South line FNL	Feet from the 2,310'	East/West line FEL	County Eddy
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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>  Signature Debbie Chavez Printed Name Engineering Technician Title and E-mail Address 11/7/07 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

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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

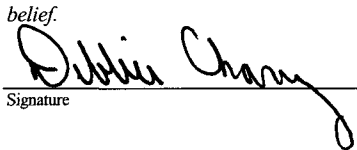
WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-34553	² Pool Code 47545	³ Pool Name Nash Draw; Delaware
⁴ Property Code 35385	⁵ Property Name Wyatt BHT State	
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	
		⁶ Well Number #1
		⁹ Elevation 3,165

¹⁰ Surface Location									
UL or lot no. B	Section 6	Township 25S	Range 30E	Lot Idn	Feet from the 330'	North/South line FNL	Feet from the 2,310'	East/West line FEL	County 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
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				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 Debbie Chavez Printed Name Engineering Technician Title and E-mail Address 11/7/07 Date
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				Certificate Number

ATTACHMENT B

The Pierce Crossing; Bone Springs is a new zone and production curves are not available.

The Nash Draw; Delaware is a new zone and production curves are not available.

We need to complete both zones to make this an economic well.

ATTACHMENT C