

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

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  
AMMEDED

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM-88210

Operator

Address

Zia AHZ Federal Com

1 Unit G - Section 14 - 20S-29E

Eddy

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 025575 Property Code 018265 API No. 30-015-26262 Lease Type: ☒ Federal ☐ State Fee

| DATA ELEMENT   | UPPER ZONE  | INTERMEDIATE ZONE | LOWER ZONE  |
|--|---|-------------------|---|
| Pool Name  | Burton Flat;<br>Strawn, E (Gas)                               |                   | Burton Flat;<br>Morrow, E (Gas)                           |
| Pool Code  | 73400   |                   | 73320   |
| Top and Bottom of Pay Section<br>(Perforated or Open-Hole Interval)  | 12,534-12,592'  |                   | 12,650-12,660'  |
| Method of Production<br>(Flowing or Artificial Lift)   | Flowing   |                   | Gas Lift  |
| Bottomhole Pressure<br>(Note: Pressure data will not be required if the bottom<br>perforation in the lower zone is within 150% of the<br>depth of the top perforation in the upper zone)       |   |                   |   |
| Oil Gravity or Gas BTU<br>(Degree API or Gas BTU)  | 1210 BTU  |                   | 1210 BTU  |
| Producing, Shut-In or<br>New Zone  |   |                   |   |
| Date and Oil/Gas/Water Rates of<br>Last Production.<br>(Note: For new zones with no production history,<br>applicant shall be required to attach production<br>estimates and supporting data.) | Date: August 2008<br>420 BOPM<br>Rates: 0 BWPM<br>1,052 MCFPM |                   | Date: August 2008<br>0 BOPM<br>Rates: 0 BWPM<br>402 MCFPM |
| Fixed Allocation Percentage<br>(Note: If allocation is based upon something other<br>than current or past production, supporting data or<br>explanation will be required.)                     | Oil 100% Gas 70%  |                   | Oil 0% Gas 30%  |

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 Mike Hill TITLE Operations Engineer DATE 10/20/08

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

E-MAIL ADDRESS mikeh@ypcnm.com

|                     |          |                     |                       |                      |                           |
|---------------------|----------|---------------------|-----------------------|----------------------|---------------------------|
| 10/27/08<br>DATE IN | SUSPENSE | W Jones<br>ENGINEER | 10/27/08<br>LOGGED IN | DHC<br>TYPE<br>44121 | PKVR0830156646<br>APP NO. |
|---------------------|----------|---------------------|-----------------------|----------------------|---------------------------|

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  
 X 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 X 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.

Mike Hill

Print or Type Name

*Mike Hill*  
Signature

Area Engineer

Title

10/20/08

Date

mikeh@ypcnm.com  
 e-mail Address

RECEIVED  
 2008 OCT 27 PM 2 37

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

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 EMERITUS  
JOHN A. YATES  
CHAIRMAN OF THE BOARD  
PEYTON YATES  
PRESIDENT  
FRANK YATES, JR.  
EXECUTIVE VICE PRESIDENT  
JOHN A. YATES, JR.  
SENIOR VICE PRESIDENT

October 23, 2008

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

Re: Zia AHZ Federal Com #1

Dear Mr. Jones:

Enclosed please find a copy of form C-107A (Application for Downhole Commingling) on Yates Petroleum Corporation Zia AHZ Federal Com #1 of Section 14- 20S-29E, 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)

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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-1C  
Revised June 10, 2006  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|  |  |   |
|--|--|---|
| <sup>1</sup> API Number<br><b>30-015-26262</b> | <sup>2</sup> Pool Code<br><b>73320</b>                           | <sup>3</sup> Pool Name<br><b>Burton Flat; Morrow, E (Gas)</b> |
| <sup>4</sup> Property Code<br><b>053150</b>    | <sup>5</sup> Property Name<br><b>Zia AHZ Federal Com</b>         | <sup>6</sup> Well Number<br><b>#1</b>                         |
| <sup>7</sup> OGRID No.<br><b>025575</b>        | <sup>8</sup> Operator Name<br><b>Yates Petroleum Corporation</b> | <sup>9</sup> Elevation<br><b>3,295'</b>                       |

<sup>10</sup> Surface Location


|                           |                      |                        |                     |         |                              |                                  |                                |                               |                       |
|---------------------------|----------------------|------------------------|---------------------|---------|------------------------------|----------------------------------|--------------------------------|-------------------------------|-----------------------|
| UL or lot no.<br><b>O</b> | Section<br><b>11</b> | Township<br><b>20S</b> | Range<br><b>29E</b> | Lot Idn | Feet from the<br><b>563'</b> | North/South line<br><b>South</b> | Feet from the<br><b>2,125'</b> | East/West line<br><b>East</b> | County<br><b>Eddy</b> |
|---------------------------|----------------------|------------------------|---------------------|---------|------------------------------|----------------------------------|--------------------------------|-------------------------------|-----------------------|

<sup>11</sup> Bottom Hole Location If Different From Surface

|                           |                       |                        |                     |         |                                |                                  |                                |                               |                       |
|---------------------------|-----------------------|------------------------|---------------------|---------|--------------------------------|----------------------------------|--------------------------------|-------------------------------|-----------------------|
| UL or lot no.<br><b>G</b> | Section<br><b>14'</b> | Township<br><b>20S</b> | Range<br><b>29E</b> | Lot Idn | Feet from the<br><b>2,480'</b> | North/South line<br><b>North</b> | Feet from the<br><b>1,980'</b> | East/West line<br><b>East</b> | County<br><b>Eddy</b> |
|---------------------------|-----------------------|------------------------|---------------------|---------|--------------------------------|----------------------------------|--------------------------------|-------------------------------|-----------------------|

|   |                               |                                  |                         |
|---|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br><b>320</b> | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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

|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  | <sup>17</sup> OPERATOR CERTIFICATION<br><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i><br><br>Signature   |
|  |  |  |  | Debbie Chavez<br>Printed Name<br>Engineering Technician<br>Title and E-mail Address<br>October 20, 2008<br>Date  |
|  |  |  |  | <sup>18</sup> SURVEYOR CERTIFICATION<br><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><br>Refer to Original Plat<br>Date of Survey<br>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-10  
Revised June 10, 2006  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|  |  |   |
|--|--|---|
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|  |  | <sup>6</sup> Well Number<br><b>#1</b>                         |
|  |  | <sup>9</sup> Elevation<br><b>3,295'</b>                       |

<sup>10</sup> Surface Location

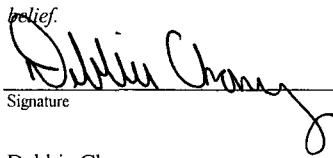
|                           |                      |                        |                     |         |                              |                                  |                                |                               |                       |
|---------------------------|----------------------|------------------------|---------------------|---------|------------------------------|----------------------------------|--------------------------------|-------------------------------|-----------------------|
| UL or lot no.<br><b>O</b> | Section<br><b>11</b> | Township<br><b>20S</b> | Range<br><b>29E</b> | Lot Idn | Feet from the<br><b>563'</b> | North/South line<br><b>South</b> | Feet from the<br><b>2,125'</b> | East/West line<br><b>East</b> | County<br><b>Eddy</b> |
|---------------------------|----------------------|------------------------|---------------------|---------|------------------------------|----------------------------------|--------------------------------|-------------------------------|-----------------------|

<sup>11</sup> Bottom Hole Location If Different From Surface

|                           |                       |                        |                     |         |                                |                                  |                                |                               |                       |
|---------------------------|-----------------------|------------------------|---------------------|---------|--------------------------------|----------------------------------|--------------------------------|-------------------------------|-----------------------|
| UL or lot no.<br><b>G</b> | Section<br><b>14'</b> | Township<br><b>20S</b> | Range<br><b>29E</b> | Lot Idn | Feet from the<br><b>2,480'</b> | North/South line<br><b>North</b> | Feet from the<br><b>1,980'</b> | East/West line<br><b>East</b> | County<br><b>Eddy</b> |
|---------------------------|-----------------------|------------------------|---------------------|---------|--------------------------------|----------------------------------|--------------------------------|-------------------------------|-----------------------|

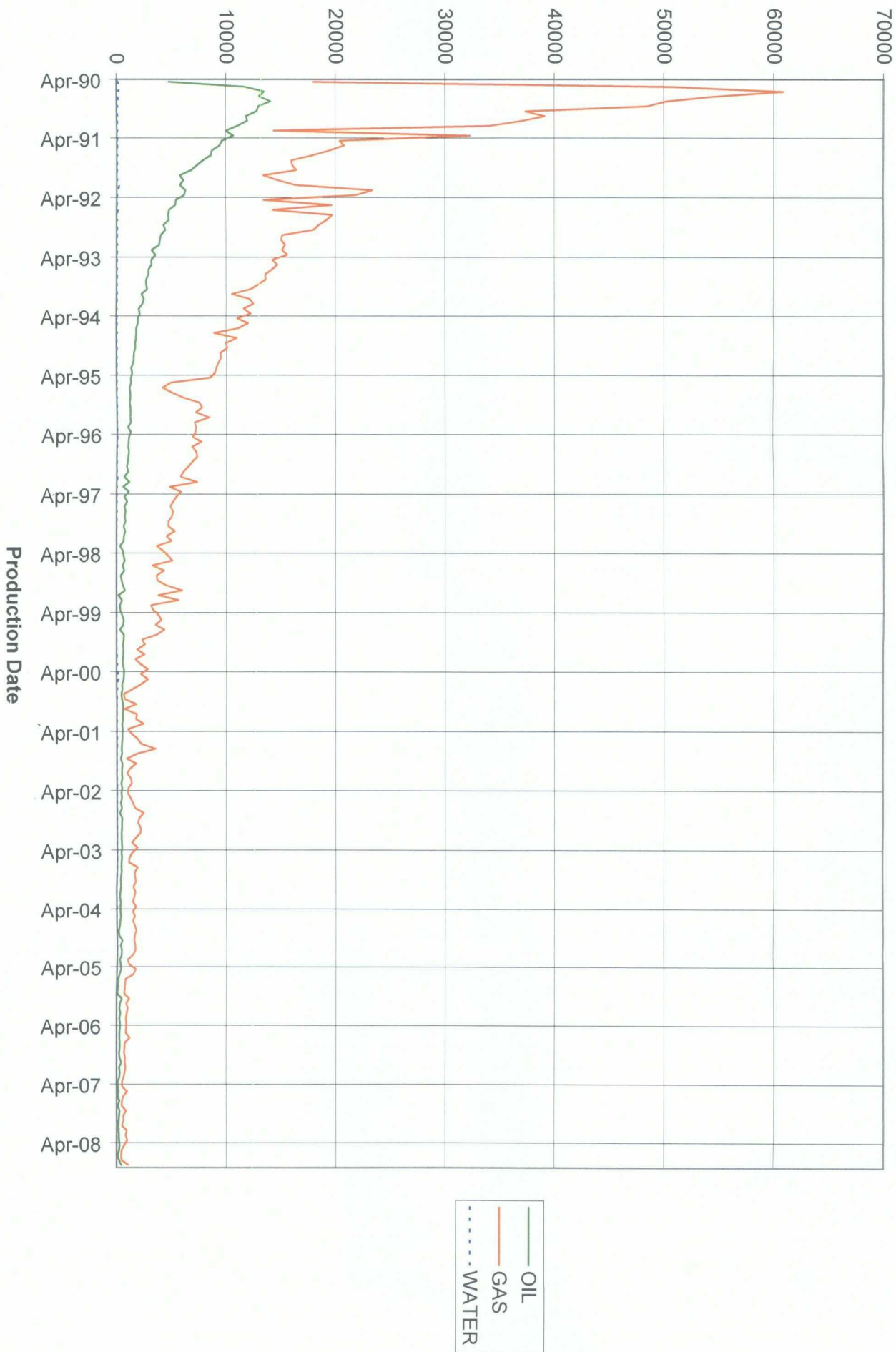
|   |                               |                                  |                         |
|---|-------------------------------|----------------------------------|-------------------------|
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|  |  |  |  |   |
|--|--|--|--|---|
|  |  |  |  | <sup>17</sup> OPERATOR CERTIFICATION<br><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i><br><br>Signature<br>Debbie Chavez<br>Printed Name<br>Engineering Technician<br>Title and E-mail Address<br>October 20, 2008<br>Date |
|  |  |  |  | <sup>18</sup> SURVEYOR CERTIFICATION<br><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><br>Refer to Original Plat<br>Date of Survey<br>Signature and Seal of Professional Surveyor:                                    |
|  |  |  |  | Certificate Number  |

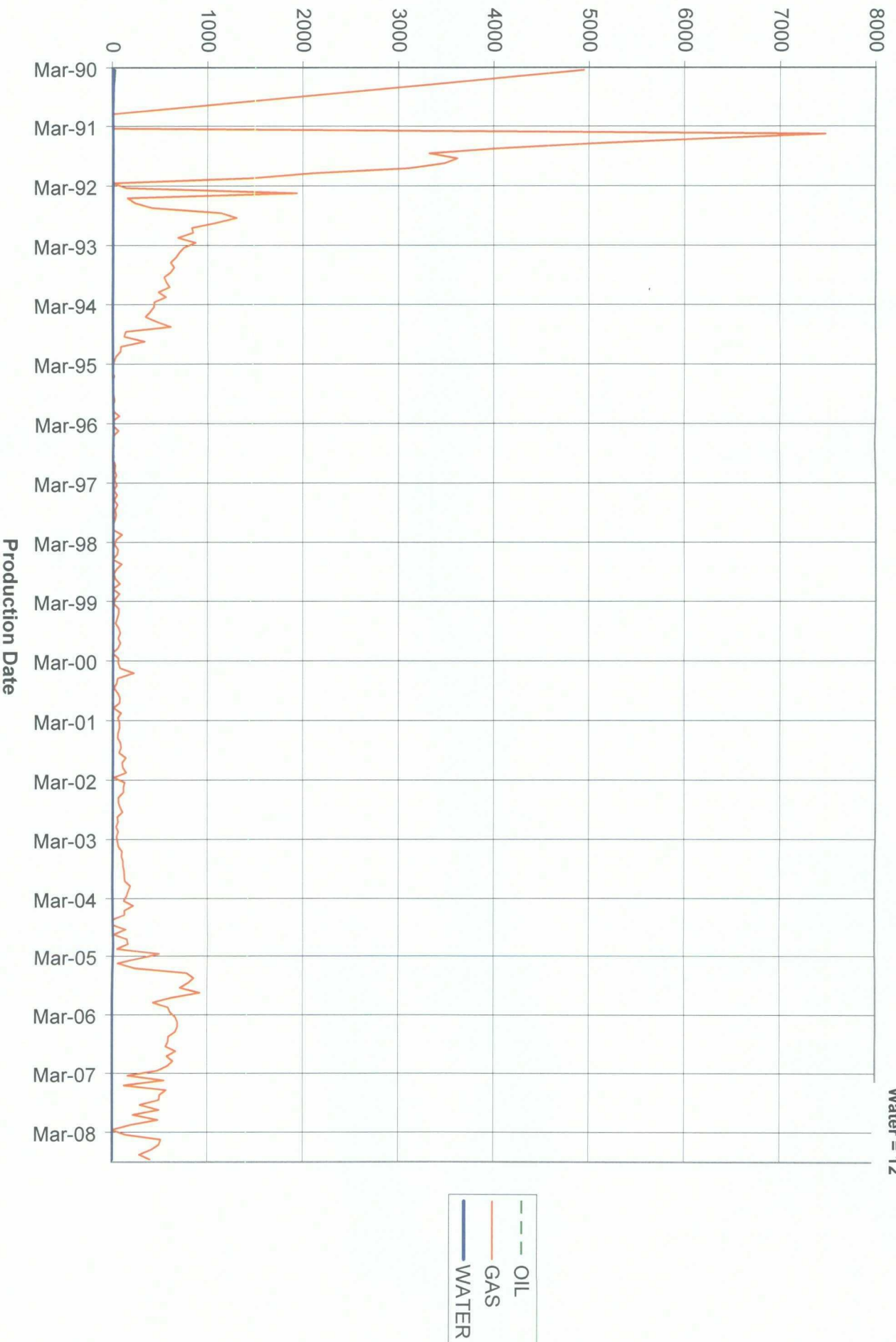
# ZIA AHZ FEDERAL COM #1 (059982-001) - STRAWN

Cum Monthly Prod:  
 Oil = 413,256  
 Gas = 1,599,622  
 Water = 4,202



ZIA AHZ FEDERAL COM #1 (059982-001) - MORROW

Cum Monthly Prod:  
Oil = 45  
Gas = 92,964  
Water = 12





UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires March 31, 2007

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or re enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3a. Address

105 S. 4th Str., Artesia, NM 88210

3b. Phone No. (include area code)

505-748-1471

4. Location of Well (Footage, Sec., T., R., M., OR Survey Description)

563' FSL & 2,125' FEL of 11-20S-29E (Surf)/2480' FNL & 1980 FEL 14-20S-29E (BHL)

5. Lease Serial No.

NM-81929

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Zia AHZ Federal Com #1

9. API Well No.

30-015-26262

10. Field and Pool, or Exploratory Area

Burton Flat;

11. County or Parish, State

Eddy

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

**TYPE OF SUBMISSION**

**TYPE OF ACTION**

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other Down Hole

Commingling

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum intends to down hole commingle the the production from Burton Flat Strawn and the Burton Flat; Morrow

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Debbie Chavez

Title Engineering Technician

Signature

*Debbie Chavez*

Date October 20, 2008

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction