

| | | | | | |
|----------------------|--------------------------|--------------------|---------------------|-----------------|------------------------------|
| DATE <u>11/20/03</u> | SUSPENSEE <u>EDWARDS</u> | ENGINEER <u>Le</u> | LOGGED IN <u>Le</u> | TYPE <u>DHC</u> | APP NO. <u>PL20332851066</u> |
|----------------------|--------------------------|--------------------|---------------------|-----------------|------------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NOV 20 2003
NEW MEXICO OIL CONSERVATION DIVISION
 Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505
OIL CONSERVATION DIVISION



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.

Sam Brandon
 Print or Type Name

Sam Brandon
 Signature

Operations Engineer
 Title

11-17-2003
 Date

 e-mail Address

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION FOR DOWNHOLE COMMINGLING

APPLICATION TYPE

X Single Well

Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

| | | |
|-----------------------------|-------------------------|---------------------------|
| Yates Petroleum Corporation | 105 South Fourth Street | Artesia, New Mexico 88210 |
| Operator | Address | |

| Waylon State Unit | 2 | M | 15 | 11S | 34E | Lea |
|-------------------|----------|------|--------|---------|----------|--------|
| Lease | Well No. | Unit | Letter | Section | Township | Range |
| | | | | | | County |

OGRID No. 025575 Property Code _____ API No. 30-025-36320 Lease Type Federal X State Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|--|---|--|--|
| Pool Name | UNDES NEW Eight Mile Draw*Atoka North West | UNDES NEW 8 MILE DRAW - West Morrow Gas | |
| Pool Code | 97028 | | 97190 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 11759-11779' | | 12084-12151' |
| 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) | NA | | NA |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | NA | | NA |
| 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: 11/7/03 Rates: 1062 mcf/d 30 bopd 0 bwpd | | Date: 9/29/03 Rates: 653 mcf/d 21 bwpd 3 bopd |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil 91% Gas 62% | Oil Gas | Oil 9% Gas 38% |

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 X No _____
Yes _____ 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 _____ 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

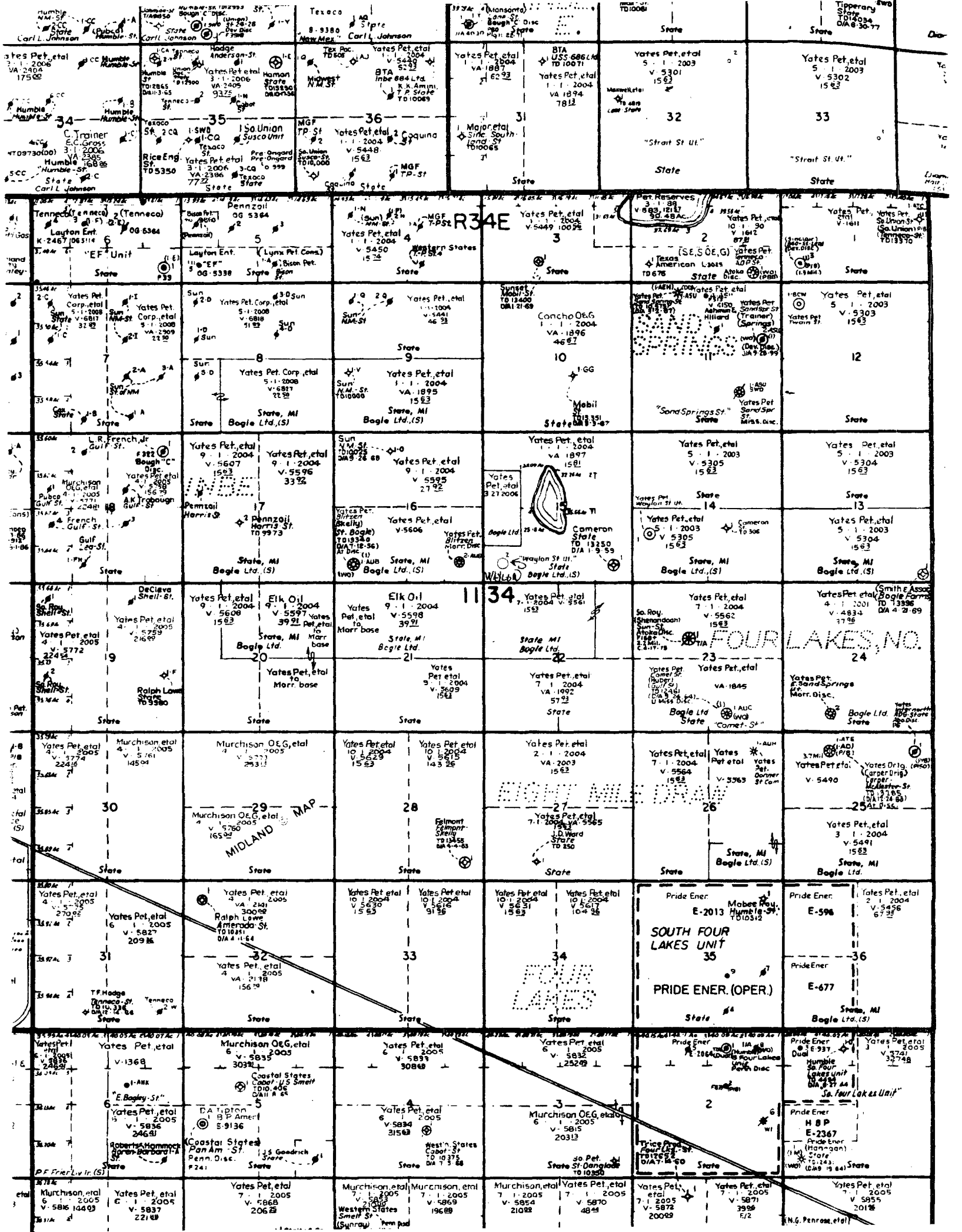
List of all operators within the proposed Pre-Approved Pools

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 Sam Brandon TITLE Operations Engineer DATE : November 17, 2003
TYPE OR PRINT NAME: Sam Brandon TELEPHONE NO. (505)-748-4281



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

November 17, 2003

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

Dear Mr. Catanach,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from the Eight Mile Draw Atoka Northwest and the Wildcat Morrow pools in our Waylon State Unit #2 located in Unit M of Section 15, Township 11 South, Range 34 East, Lea County.

If you have any questions or need additional information, please call me at (505) 748-4281.

Sincerely,

A handwritten signature in black ink that reads 'Sam Brandon'.

Sam Brandon
Operations Engineer

SB/cm

Enclosures

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DENNIS G. KINSEY
TREASURER

November 17, 2003

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

Dear Mr. Martinez,

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from the Eight Mile Draw Atoka Northwest and the Wildcat Morrow pools in our Waylon State Unit #2 located in Unit M of Section 15, Township 11 South, Range 34 East, Lea County.

Pursuant to the State Land Office Rule Nos. 1.053, 1.054 and 1.055, the \$30.00 filing fee has been sent.

If you have any questions or need additional information, please call me at (505) 748-4164.

Sincerely,

Cherry Matchus

Cherry Matchus
Engineering Technician

Enclosure

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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SECRETARY
DENNIS G. KINSEY
TREASURER

November 17, 2003

Chris Williams
State of New Mexico
OIL CONSERVATION DIVISION
1625 French Drive
Hobbs, NM 88240

Dear Mr. Williams;

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from the Eight Mile Draw Atoka Northwest and the Wildcat Morrow pools in our Waylon State Unit #2 located in Unit M of Section 15, Township 11 South, Range 34 East, Lea County.

If you have any questions or need additional information, please call me at (505) 748-4281.

Sincerely,

A handwritten signature in cursive script that reads 'Sam Brandon'.

Sam Brandon
Operations Engineer

SB/cm

Enclosures

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

District II
811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--|--|--|
| ¹ API Number 30-025-36320 | ³ Pool Name Wildcat Morrow | |
| ⁴ Property Code | ⁵ Property Name Waylon State Unit | ⁶ Well Number 2 |
| ⁷ OGRID No. 025575 | ⁸ Operator Name Yates Petroleum Corporation | ⁹ Elevation 4143' |


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 |
|---------------|-----------|------------|------------|---------|---------------|------------------|---------------|----------------|------------|
| M | 15 | 11S | 34E | | 660 | South | 660 | West | Lea |

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 320 | 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 hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <u>Cherry Matchus</u> Cherry Matchus Printed Name Engineering Technician Title Date: <u>10/22/03</u> |
| | | | | 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 |
| 660' |  | 660' | | |

The Wildcat Morrow is a new zone and production curves are not available.

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

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811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION
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1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

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| | | |
|--|---|--|
| ¹ API Number 30-025-36320 | ³ Pool Name Eight Mile Draw Atoka North West | |
| ⁴ Property Code | ⁵ Property Name Waylon State Unit | ⁶ Well Number 2 |
| ⁷ OGRID No. 025575 | ⁸ Operator Name Yates Petroleum Corporation | ⁹ Elevation 4143' |

¹⁰ Surface Location

| | | | | | | | | | |
|---------------------------|----------------------|------------------------|---------------------|---------|-----------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|
| UL or lot no. M | Section 15 | Township 11S | Range 34E | Lot Idn | Feet from the 660 | North/South line South | Feet from the 660 | East/West line West | County Lea |
|---------------------------|----------------------|------------------------|---------------------|---------|-----------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|

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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|---|-------------------------------|----------------------------------|-------------------------|

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The Eight Mile Draw Atoka Northwest is a new zone and production curves are not available.