

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

District II
1301 W. Grand Ave, 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-107-B
200-

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: YATES PETROLEUM CORPORATION
OPERATOR ADDRESS: 105 S 4TH ST ARTESIA NM 88210
APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Has the Comm. of Public Lands (BLM) and State Land office (SLO) consented in writing to the proposed commingling Yes No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Value of Non-Commingled Production	Calculated Value of Commingled Production	Volumes
<u>FEATHER / WOLF CAMP</u> <u>24210</u>					
<u>FEATHER / MORROW</u> <u>24190</u>					

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No
(3) Are all working, royalty and overriding royalty interests common between pools? ☐ Yes ☒ No
(4) Include proof of notice to all interests if the answer to No. 3 is "No".
(5) Measurement type: ☒ Metering ☐ Well Test ☐ Subtraction Method
(6) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? ☐ Yes ☐ No
(3) Are all working, royalty and overriding royalty interests common between leases? ☐ Yes ☐ No
(4) Include proof of notice to all interests if the answer to No. 3 is "No".
(5) Measurement type: ☐ Metering ☐ Well Test ☐ Subtraction Method (only when No. 3 is "Yes")

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) ☒ A schematic diagram of facility, including legal location.
(2) ☒ A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) ☒ Lease Names, Lease and Well Numbers, and API Numbers.
(4) If production is to be measured by well test, include testing frequency.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Mayte Reyes TITLE: Production Manager DATE: 12-18-03
TYPE OR PRINT NAME MAYTE REYES TELEPHONE NO. (505) 748-4213

DATE IN 12/23/07	SUSPENSE 1/12/08	ENGINEER DRC	LOGGED IN LE	TYPE PLC	APP NO. PLR0336336527
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ABOVE THIS LINE FOR DIVISION USE ONLY

DEC 23 2007

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 of 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.

MAYTE REYES Mayte Reyes Production Clerk 12-18-03
 Print or Type Name Signature Title Date
MAYTER@YPC.COM
 e-mail Address

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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 and Natural Resources

Form C-103
Revised March 25, 1999

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

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>	5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Yates Petroleum Corporation	6. State Oil & Gas Lease No. VO-4837
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210	7. Lease Name or Unit Agreement Name: Avian AYA State
4. Well Location Unit Letter <u>P</u> : <u>850'</u> feet from the <u>South</u> line and <u>660'</u> feet from the <u>East</u> line Section <u>20</u> Township <u>15S</u> Range <u>32E</u> NMPM Lea County	8. Well No. 1
9. Pool name or Wildcat Feather Wolfcamp	
10. Elevation (Show whether DR, RKB, RT, GR, etc.)	

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐
OTHER: Off Lease Measurement & Surface Commingle Gas only ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
OTHER: ☐

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Yates Petroleum Corporation respectfully requests approval for off lease measurement and surface commingle gas only the following wells:

Avian AYA State #1
850' FSL & 660' FEL (Unit P)
Section 20-T15S-R32E
Formation: Feather/Wolfcamp
Lea County, New Mexico
State Lease # VO-4837
API # 30-025-35377

Red Tail AWR State #1
1200' FNL & 990' FWL (Unit D)
Section 28-T15S-R32E
Formation: Feather Morrow
Lea County, New Mexico
Federal Lease # E-8974
API # 30-025-35180

The CDP is located at the Red Tail AWR State #1. Please see attached map and site facility diagram.

Total gas production & sales will be based on allocated chart intergration.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The purpose of the surface/pool commingling, lease commingling, off lease storage and measurement is to reduce operating costs for storage and treating, thereby extending the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to built separate facilities for each well. This will greatly increase costs and shorten the economic life of the well.

The proposed commingling is necessary for economic operation of the above referenced leases

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Mayte Reyes TITLE Production Secretary DATE December 18, 2003

Type or print name Mayte Reyes Telephone No. (505) 748-4213

(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any:

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1999

Instruction on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

AM 88240

Artesia, NM 88210

CT III
Brasos Rd., Artesia, NM 87410CT IV
with Pacheco, Santa Fe, NM 87506

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 2-025-35180	Pool Code ✓	Pool Name WILDCAT MISSISSIPPIAN
Property Code 6674	Property Name RED TAIL "AWR" STATE COM.	Well Number 1
OGED No. 225578	Operator Name YATES PETROLEUM CORPORATION	Elevation 4312

Surface Location

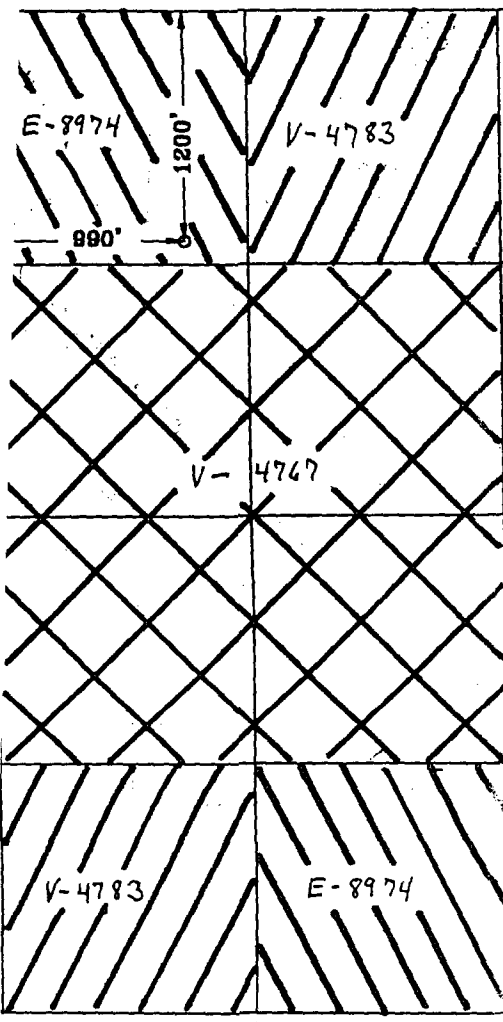
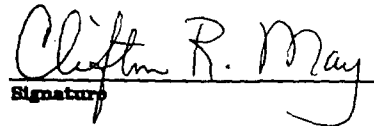


Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	28	15S	32E	1200	NORTH	990	WEST	LEA

Bottom Hole Location If Different From Surface

Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Hosted Acres 320	Joint or Infill	Consolidation Code	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

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Clifton R. May Printed Name Regulatory Agent Title September 21, 2000 Date
	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. 9/08/2000 Date Surveyed  Signature & Seal of Professional Surveyor  Certificate No. Herschel L. Jones RLS 3640 RED TAIL 1 DISK 33 GENERAL SURVEYING COMPANY

State of New Mexico

Geology, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1989

Instruction on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

Dr., Hobbs, NM 88240

CT II
th First, Artesia, NM 88210CT III
Braves Rd., Artesia, NM 87410CT IV
uth Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 2-025-35377	Pool Code ✓	Pool Name WILDCAT MISSISSIPPIAN
Property Code 27178	Property Name Avian "AYA" State	Well Number 1
OGED No. 25595	Operator Name Yates Petroleum Corporation	Elevation 4315' GL

Surface Location

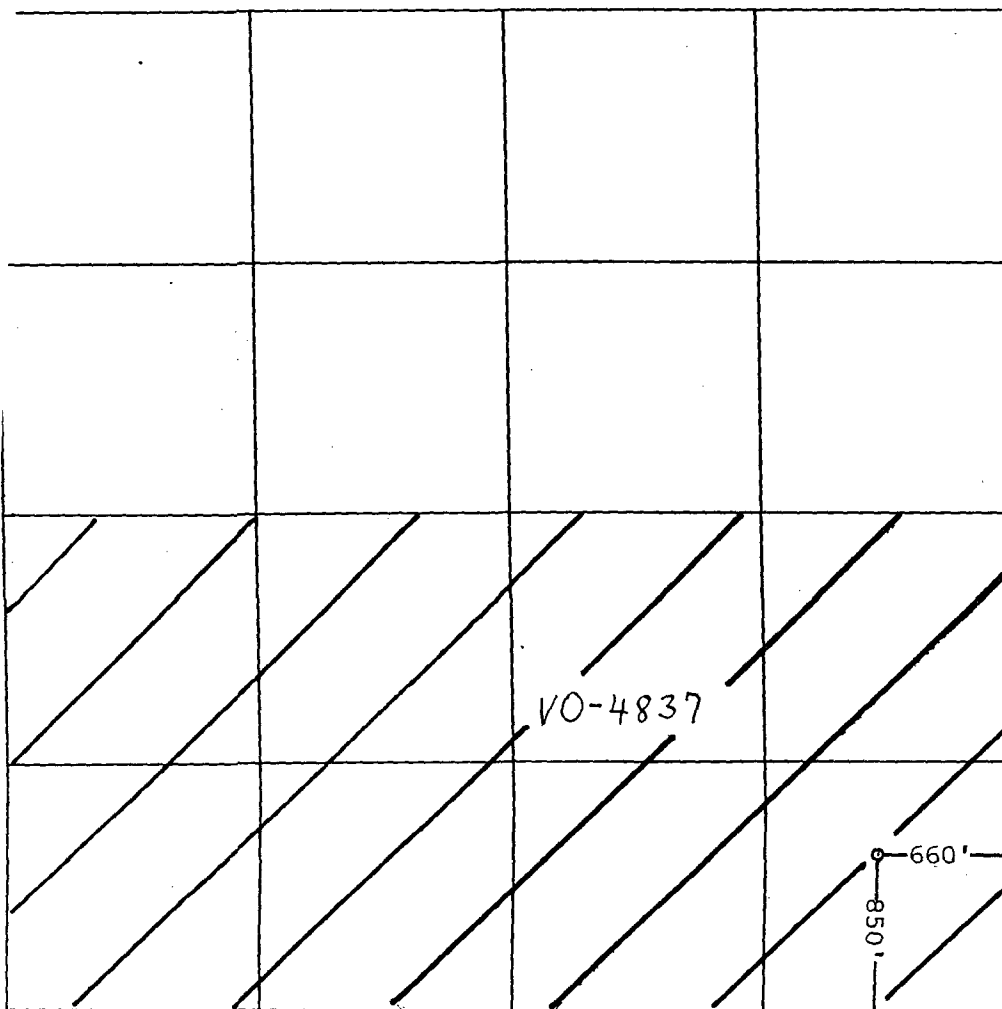
or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	20	15S	32W		850'	South	660	East	

Bottom Hole Location If Different From Surface

or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

dedicated Acres 320	Joint or Infill	Consolidation Code	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



OPERATOR CERTIFICATION

I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.

Clifton R. May
Signature

CLIFTON R. MAY
Printed Name

REGULATORY AGENT
Title

01/26/01
Date

Date

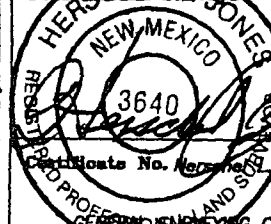
SURVEYOR CERTIFICATION

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.

01/26/01

Date Surveyed

Signature & Seal of
Professional Surveyor



Certificate No. 3640 Jones RLS 3640

GENERAL SURVEYING COMPANY

STATUS

=====

CO - Company Pay Code
CP - Company Purchased Production
CT - Company Tax Partnership Interest
GC - City Government Interest
GI - Federal Government Interest
GS - State Government Interest
GW - Wyoming State Government Interest

STATUS CONTINUED

=====

NP - Paid Direct
PA - Pay
SA - Unknown Address
SD - Suspense - Waiting on Division Order
SJ - Suspense - Delinquent JIB
ST - Suspense - Title Requirement

Property: 047030
Well: 001

YATES PETROLEUM CORPORATION

PROPERTY: Red Tail "AWR" State Com. #1
NW/4 Section 28, T15S-R32E, NMPM
Lea County, New Mexico

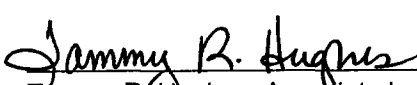
Division of Interest
Effective: January 1, 2002

File No.: 402-4950-C
sg

OWNER NUMBER	OWNER NAME	BASIC INTEREST	TYPE	STATUS
192200	COMMISSIONER OF PUBLIC LANDS	0.1562500	RI	GS
473648 +	JETTA-X2, L.P.	0.1093750	WI	PA
208300	JOHN L. COX	0.1093750	WI	ST
999900	YATES PETROLEUM CORPORATION	0.4375000	WI	CO
994100	YATES DRILLING COMPANY	0.0625000	WI	PA
005000	ABO PETROLEUM CORPORATION	0.0625000	WI	PA
640010	MYCO INDUSTRIES, INC.	0.0625000	WI	PA
		1.0000000		

+ Effective: First Sales to January 1, 2002

239002	DEVON ENERGY PRODUCTION COMPAN' L.P. AN OKLAHOMA LIMITED PARTNERSHIP	0.1093750	WI	PA
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Tammy R. Hughes, Associate Landman
Yates Petroleum Corporation

12/15/03
Date

STATUS

=====

CO - Company Pay Code
 CP - Company Purchased Production
 CT - Company Tax Partnership Interest
 GC - City Government Interest
 GI - Federal Government Interest
 GS - State Government Interest
 GW - Wyoming State Government Interest

STATUS CONTINUED

=====

NP - Paid Direct
 PA - Pay
 SA - Unknown Address
 SD - Suspense - Waiting on Division Order
 SJ - Suspense - Delinquent JIB
 ST - Suspense - Title Requirement

YATES PETROLEUM CORPORATION

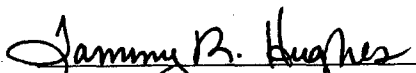
Division of Interest
 Effective: First Sales

Property: 012411
 Well: 001

PROPERTY: Avian "AYA" St. #1
 S/2 Sec. 20, T15S-R32E, NMPM
 Lea County, New Mexico

File No. 402-5054-B
 amk

OWNER NUMBER	OWNER NAME	NET REVENUE		TYPE	STATUS
		INTEREST			
192200	COMMISSIONER OF PUBLIC LANDS	0.1666667		RI	GS
999900	YATES PETROLEUM CORPORATION	0.5833334		WI	CO
994100	YATES DRILLING COMPANY	0.0833333		WI	PA
005000	ABO PETROLEUM CORPORATION	0.0833333		WI	PA
640010	MYCO INDUSTRIES, INC.	0.0833333		WI	PA
		<u>1.0000000</u>			


 Tammy R. Hughes, Associate Landman
 Yates Petroleum Corporation

12/13/03
 Date

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Commissioner of Public Lands
Attn: Pete Martinez
P.O. Box 1148
Santa Fe, NM 87504-1148

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

☐ Agent

☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number (Copy from service label)

7000 0520 0017 1088 7217

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

See Reverse for Instructions

PS Form 3800, February 2000

City, State, ZIP+4

Santa Fe, NM 87504-1148

Street, Apt. No., or Post Office Box

P.O. Box 1148

Recipient's Name (Please Print or Type)

Commissioner of Public Lands

Postage & Fees

Total Postage & Fees

Restricted Delivery Fee

Return Receipt Fee

Certified Fee

Postage

Postmark

Here

Photo - MARY

AVAIL #1 & RETAIL #1

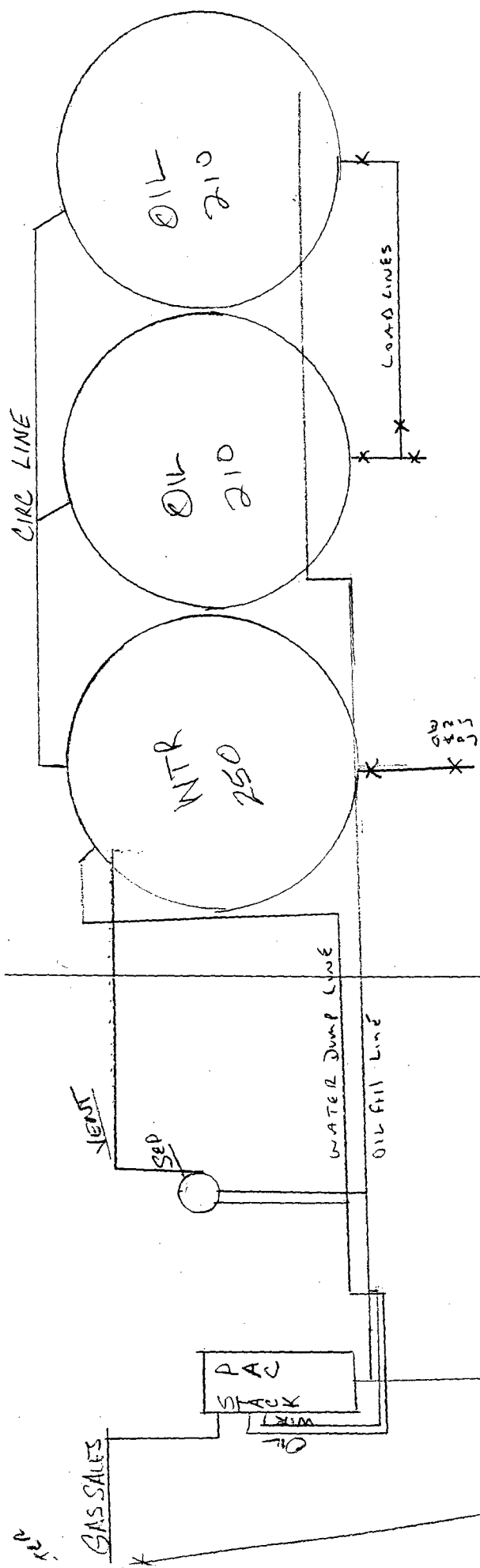
U.S. Postal Service

CERTIFIED MAIL RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

Attn: Pete Martinez
P.O. Box 1148
Santa Fe, NM 87504-1148

7000 0520 0017 1088 7217
7000 0520 0017 1088 7217



RED TAIL "AWR" St. Comm #1

GAS LINE (9" POLY) TO RETAIL METER

GAS SALES

METER

WATER DUMP LINE

OIL FILL LINE

BS&W LINE

LOAD LINES

LINE
LOAD

Flow Line

WELL
HEAD

MARK II
1280 LFKIN

AVIAN "AYA" STATE #1



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

January 27, 2004

Ms. Mayte Reyes
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Re: Surface Commingling Application
Avian AYA State No. 1
Red Tail AWR State No. 1
T-15S, R-32E, NMPM

Dear Ms. Reyes:

I have reviewed your application to surface commingle Wolfcamp and Morrow production within the two wells described above. I have two questions with regards to this application:

- (1) Your application shows Devon Energy Production Company to be a working interest owner in the Red Tail AWR State No. 1; however, no notice was sent to this company. Please explain or clarify.
- (2) With regards to the measurement of gas, there does not appear to be an allocation meter for the Red Tail AWR Well No. 1. Please explain in detail how production is to be allocated between these two wells.

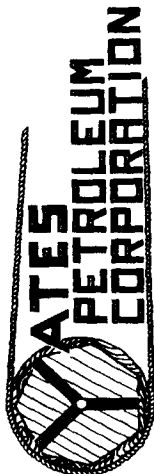
I will process your application upon receipt of the requested information.

If you have any questions, please call me at (505) 476-3466.

Sincerely,

David Catanach
Engineer

CERTIFIED MAIL



YATES BUILDING - 105 SOUTH FOURTH ST.
ARTESIA, NEW MEXICO 88210-2118

ADDRESS SERVICE REQUESTED

7000 0520 0017 1088 8689
7000 0520 0017 1088 8689

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
AVIAN AYA ST #1 & RED TAIL ANGE ST #1	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
PRODUCTION MAYTE	
Postmark Here	
Recipient's Name	Devon Energy Production Co, LP
Street, Apt. No., or	P.O. Box 84-3559
City, State, ZIP+ 4	Dallas Texas, 75284-3559
PS Form 3800, Feb. 1999 See Reverse for Instructions	

01
001020

TO THE RIGHT OF RETURN ADDRESS

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Devon Energy Production Co, LP
P.O. Box 84-3559
Dallas Texas, 75284-3559

2. Article Number (Copy from service label)

7000 0520 0017 1088 8689

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

B. Date of Delivery

C. Signature

☐ Agent

☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

☐ No

If YES, enter delivery address below:

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

bars

Mail or Priority Mail.
at mail.

Certified Mail. For

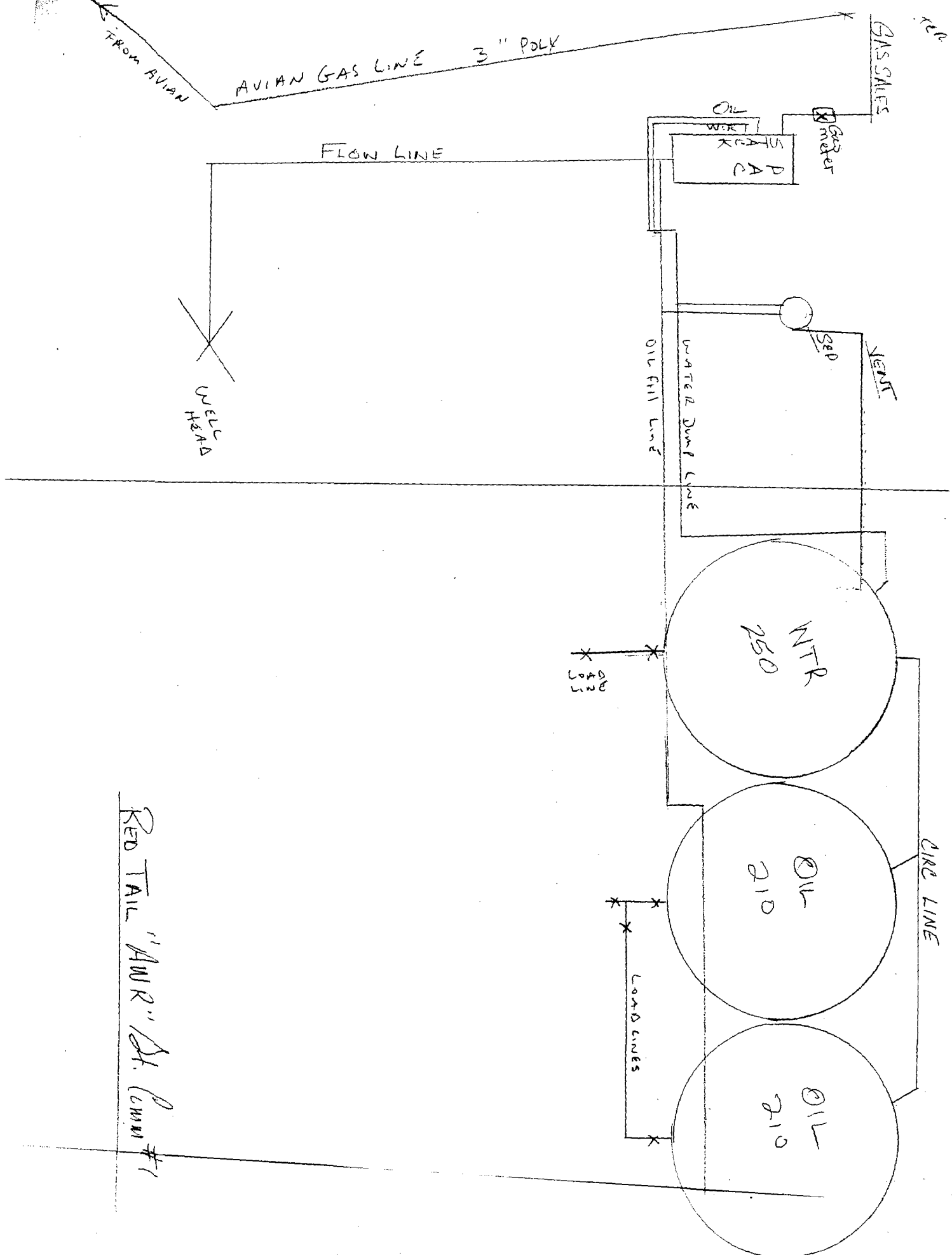
1 to provide proof of
and attach a Return
postage to cover the
ceive a fee waiver for
rtified Mail receipt is

to the addressee or
the mailpiece with the

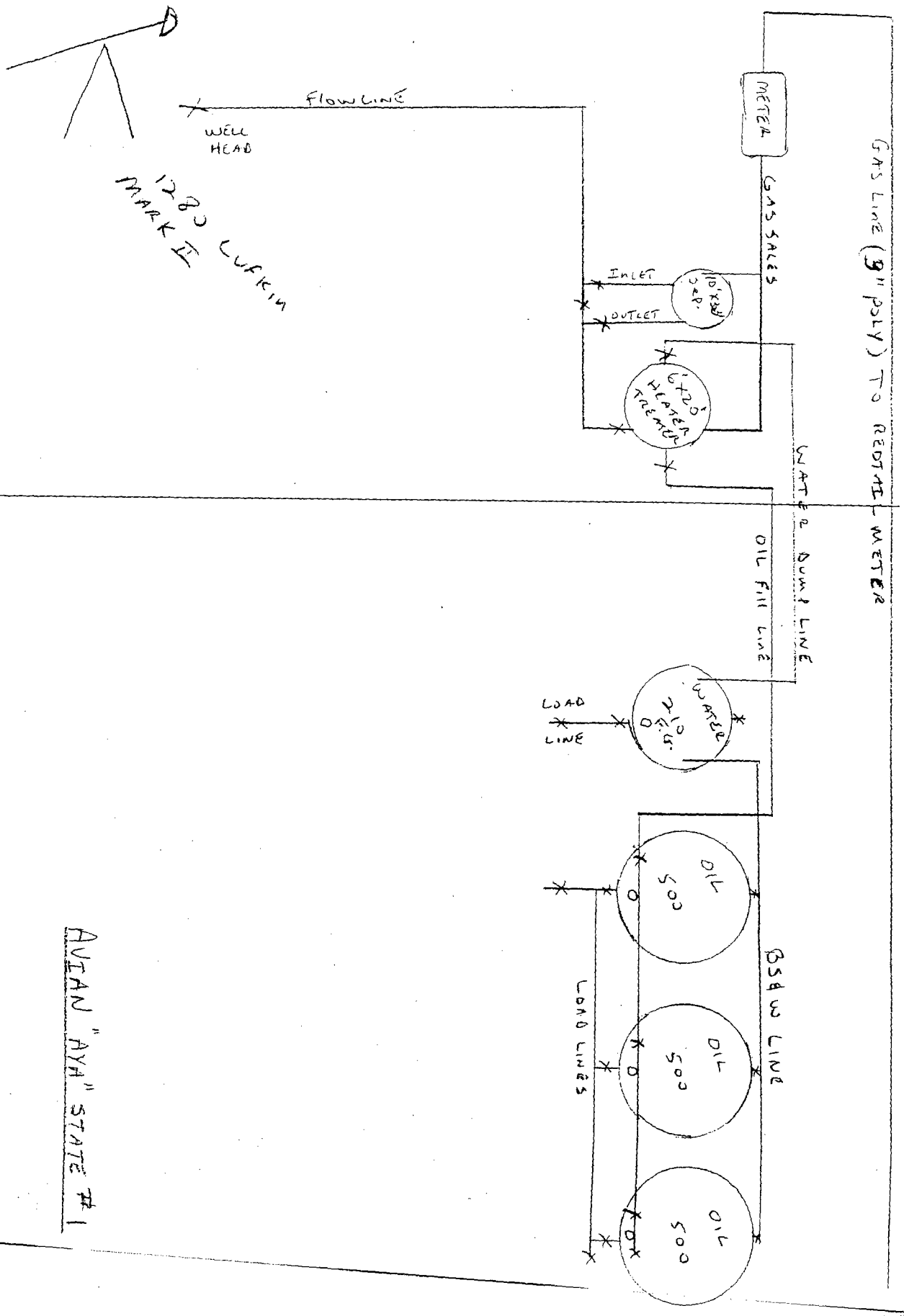
ase present the arti-
on the Certified Mail
e and mail.

aking an inquiry.

102595-99-M-1938



RED TAIL "AUR" St. Louis #1



AVIAN "AYA" STATE #1

2/6/2004

Michelle Taylor with Yates called on 2/5/2004 and advised me that the Red Tail well will be metered. They just forgot to put in on the schematic diagram. Also, she advised that they did overlook Devon on the notice requirement. Devon was notified by letter on 2/5/2004.

DRC

Note: New release date on this application is 2/24/2004