



COMMERCIAL RESOURCES  
(505)-827-5724

SURFACE RESOURCES  
(505)-827-5793

MINERAL RESOURCES  
(505)-827-5744

ROYALTY  
(505)-827-5772

State of New Mexico  
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.  
310 Old Santa Fe Trail, P. O. Box 1148  
Santa Fe, New Mexico 87504-1148  
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS  
(505)-827-5765

ADMINISTRATIVE MGMT.  
(505)-827-5700

LEGAL  
(505)-827-5715

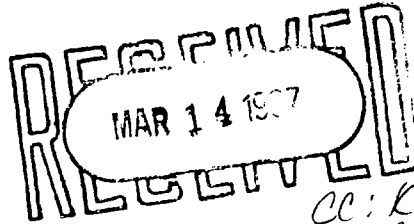
PLANNING  
(505)-827-5752

March 12, 1997

Yates Petroleum Corporation  
105 South 4th Street  
Artesia, New Mexico 88210

Attn: Mr. Morris Keith

Re: Downhole Commingling Application  
Pawnee APW State Well No. 1  
NE4NE/4, Section 20-18S-35E  
Queen Sand, Grayburg and Wildcat San Andres Pools  
Lea County, New Mexico



*cc: Kathy P.  
Engineering WE  
Geology - original  
Rusty  
Michelle*

Dear Mr. Keith:

We are in receipt of your application of February 19, 1997, requesting our approval to downhole commingle the production from the above subject well from the Queen Sand, Grayburg and Wildcat San Andres Pools in Lea County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil%</u>	<u>Gas %</u>
Queen Sand	10%	0%
Grayburg	0%	0%
Wildcat San Andres	90%	100%
	-----	-----
	100%	100%

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient

Yates Petroleum Corporation  
March 12, 1997  
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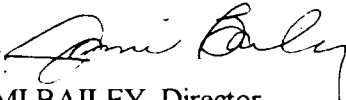
grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your filing fee in the amount of \$30.00 has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm  
Enclosure  
cc: Reader File  
OCD--Attention: David Catanach, Ben Stone

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case No. 11781 Exhibit No. 4

Submitted by: Yates Petroleum Corporation

Hearing Date: May 15, 1997

DISTRICT I

P.O. Box 1000, Santa Fe, NM 87501-1000

DISTRICT II

111 East First St., Santa Fe, NM 87501-2001

DISTRICT III

1000 No. Second St., Santa Fe, NM 87501-1002

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco  
Santa Fe, New Mexico 87505-6429

Form C-107-A  
New 3-12-86

APPROVAL PROCESS:

Administrative  Hearing

EXISTING WELLBORE

YES  NO

APPLICATION FOR DOWNHOLE COMMINGLING

Yates Petroleum Corporation 105 S. Fourth Street Artesia, NM 88210

Operator: Pawnee APW State 1 A-20-18S-35E Lea

OCMD NO. 025575 Property Code 018837 API NO. 30 025 33388 Existing Wellbore Type: (check 1 or more) Federal State  (a)(2) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Queen Sand	Grayburg	Wildcat San Andres 96668
2. Top and Bottom of Pay Section (References)	4374'-4388'	4738'-4742'	5140'-5358'
3. Type of production (Oil or Gas)	Gas	Oil	Oil
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	Artificial Lift
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 1500	a. 1350	a. (Current) 2050
	b. (Original)	b.	b. (Original)
6. Oil Gravity (API) or Gas BTU Content	39° API @ 60°F		37° API @ 60°F
7. Producing or Shut-in?	Shut-in	Shut-in	Producing
Production Marginal? (Yes or No)	Yes	Yes	Yes
* If Shut-in, give date and oil/gas/water rates of last production <small>Note: For oil wells with no production history, applicant shall be required to attach production estimates and supporting data.</small>	Date: 2-15-97 Rate: 5 BOPD 54 BWPD 0 MCFGPD	Date: Rate:	Date: Rate:
* If Producing, give date and oil/gas/water rates of recent test (within 90 days)	Date: Rate:	Date: Rate:	Date: 1-13-97 Rate: 44 BOPD 84 BWPD 0 MCFGPD
8. Field Percentage Allocation Formula: % for each zone (Total of %'s to equal 100%)	Oil: 10% Gas: 0%	Oil: 0% Gas: 0%	Oil: 90% Gas: 100%

9. Is additional downhole commingling being proposed? (If yes, specify zone and acreage, and attach supporting data.)

10. If not, have all working, overriding, and royalty interests been notified by certified mail?  Yes  No  
Have all offset operators been given written notice of the proposed downhole commingling?  Yes  No

11. Will cross-flow occur?  Yes  No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the formation through be enhanced? Yes No (If No, attach explanation)

12. Will the value of production be decreased by commingling?  Yes  No (If Yes, attach explanation)

13. If the well is on, or commingled with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application.  Yes  No

14. NMOC Reference Cases for Rule 303(D) Exceptions: ORDER NO(S):

15. 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 all offset operators.
  - \* Notification list of working, overriding, and royalty interests for uncommon interest cases.
  - \* Any additional statements, data, or documents required to support commingling.

Approved \_\_\_\_\_  
 Commissioner of Public Lands  
 Mary Powell, Esq.  
 MAR 12 1997

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

SIGNATURE Morris Keith TITLE Operations Engineer DATE 3-4-97  
TYPE OR PRINT NAME Morris Keith TELEPHONE NO. (505) 748-1471