

DHC 5/21/98

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
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

April 28, 1998

MAY 1 1998

OIL CONSERVATION DIVISION

11991

David Catanach
State of New Mexico
OIL CONSERVATION DIVISION
2040 S. Pacheco Street
Santa Fe, NM 87505-5472

Dear Mr. Catanach,

Enclosed are the necessary documents for obtaining approval for the downhole commingling of the Martin ARH #1 located in Unit J of Section 27, Township 17 South, Range 26 East, Eddy County.

Should you have any questions, feel free to contact me at (505) 748-4174. Thank you.

Sincerely,

Ray Stall
Operations Engineer

RS/th

Enclosures

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1912 - 1985
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TREASURER

April 28, 1998

Tim Gum
State of New Mexico
OIL CONSERVATION DIVISION
811 South First Street
Artesia, NM 88210

Dear Mr. Gum,

Enclosed are the necessary documents for obtaining approval for the downhole commingling of the Martin ARH #1 located in Unit J of Section 27, Township 17 South, Range 26 East, Eddy County.

Should you have any questions, feel free to contact me at (505) 748-4174. Thank you.

Sincerely,

Ray Stall
Operations Engineer

RS/th

Enclosures

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources DepartmentForm C-107-A
New 3-12-96

DISTRICT II

811 South First St., Artesia, NM 88210-2835

OIL CONSERVATION DIVISION

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

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

☒ YES ☐ NO

Yates Petroleum Corporation

105 S. Fourth Street

Artesia, NM 88210

Operator

Address

Martin ARH

1

J 27-17S-26E

Eddy

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

OGRID NO. 025575Property Code 20843API NO. 30-015-29592

Spacing Unit Lease Types: (check 1 or more)

Federal ☐ State ☐ Land/or Fee ☒

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Kennedy Farms Upper Penn 79525 <i>Incl.</i>	Atoka <i>Incl.</i>	Kennedy Farms Morrow 79520
2. Top and Bottom of Pay Section (Perforations)	8202'-8210'	8327'-8333'	8563'-8568' 8626'-8646'
3. Type of production (Oil or Gas)	Gas	Gas	Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing	Flowing	Flowing
5. Bottomhole Pressure	a. (Current)	a.	a. (Current)
Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	b. (Original) ORIGINAL MEASURED BHP = 1905 PSI	b.	b. (Original) ORIGINAL MEASURED BHP = 1178 PSI
6. Oil Gravity (API) or Gas BTU Content	1212 BTU Content	N/A	N/A
7. Producing or Shut-In?	Producing	Shut-In	Shut-In
Production Marginal? (yes or no)	Yes	Yes	Yes
* If Shut-In, give 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: Rates:	Date: 3-24-98 (6 HR. TEST) Rates: 0 BOPD 0 BWPD 45 MCFGPD	Date: 2-5-98 Rates: 0 BOPD 0 BWPD 41 MCFGPD
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 4-22-97 Rates: 0 BOPD 0 BWPD 67 MCFGPD	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: 43.8% Gas: 43.8%	Oil: 29.4% Gas: 29.4%	Oil: 26.8% Gas: 26.8%

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones?

☒ Yes ☐ No

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 allocation formula be reliable. ☒ Yes ☐ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No

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

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

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____

16. 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.

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

SIGNATURE Ray Stall TITLE Operations Engineer DATE 4-28-98

TYPE OR PRINT NAME Ray Stall TELEPHONE NO. (505) 748-4174

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-29592	² Pool Code 79525	³ Pool Name Kennedy Farms Upper Penn
⁴ Property Code 20843	⁵ Property Name Martin ARH	⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3328

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
J	27	17S	26E		1980	South	1980	East	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

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

¹⁶				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> <u>Tina Huerta</u> Signature Tina Huerta Printed Name Operations Technician Title <u>4-29-98</u> 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

New Mexico Oil Conservation Division
C-102 Instructions

IF THIS IS AN AMENDED REPORT, CHECK THE BOX LABELED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed contact the appropriate OCD district office. Independent subdivision surveys will not be acceptable.

1. The OCD assigned API number for this well
2. The pool code for this (proposed) completion
3. The pool name for this (proposed) completion
4. The property code for this (proposed) completion
5. The property name (well name) for this (proposed) completion
6. The well number for this (proposed) completion
7. Operator's OGRID number
8. The operator's name
9. The ground level elevation of this well
10. The surveyed surface location of this well measured from the section lines. NOTE: If the United States government survey designates a Lot Number for this location use that number in the "UL or lot no." box. Otherwise use the OCD unit letter.
11. Proposed bottom hole location. If this is a horizontal hole indicate the location of the end of the hole.
12. The calculated acreage dedicated to this completion to the nearest hundredth of an acre
13. Put a Y if more than one completion will be sharing this same acreage or N if this is the only completion on this acreage
14. If more than one lease of different ownership has been dedicated to the well show the consolidation code from the following table:

C	Communitization
U	Unitization
F	Forced pooling
O	Other
P	Consolidation pending

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15. Write in the OCD order(s) approving a non-standard location, non-standard spacing, or directional or horizontal drilling

16. This grid represents a standard section. You superimpose a non-standard section over this grid. On the dedicated acreage and the separate leases within dedicated acreage. Show the well surface location bottom hole location, if it is directionally drilled, with dimensions from the section lines in the cardinal direction. (Note: A legal location is determined from the perpendicular distance to the edge of the tract.) If this is a high angle horizontal hole show that portion of the well bore that open within this pool.

Show all lots, lot numbers, and their respective acreage.

If more than one lease has been dedicated to completion, outline each one and identify the ownership to both working interest and royalty.

17. The signature, printed name, and title of the person authorized to make this report, and the date this document was signed.

18. The registered surveyors certification. This section does not have to be completed if this form has been previously accepted by the OCD and is being filed for a change of well or dedicated acreage.

Production curves are not available for all zones. The Kennedy Farms Upper Penn produced for only 2 months.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-9719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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Revised February 10, 1994
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-29592	² Pool Code	³ Pool Name Atoka
⁴ Property Code 20843	⁵ Property Name Martin ARH	⁶ Well Number 1
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation	⁹ Elevation 3328

¹⁰ Surface Location

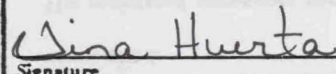
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				¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. REFER TO ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyer: Certificate Number

New Mexico Oil Conservation Division
C-102 Instructions

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Show all lots, lot numbers, and their respective acreage.

If more than one lease has been dedicated to completion, outline each one and identify the ownership to both working interest and royalty.

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Production curves are not available for all zones. The Atoka never produced.

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1000 Rio Brazos Rd., Aztec, NM 87410
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Energy, Minerals & Natural Resources Department

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ APT Number	² Pool Code	³ Pool Name
30-015-29592	79520	Kennedy Farms Morrow
⁴ Property Code	⁵ Property Name	⁶ Well Number
20843	Martin ARH	1
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
025575	Yates Petroleum Corporation	3328

¹⁰ Surface Location

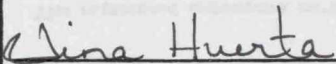
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320			

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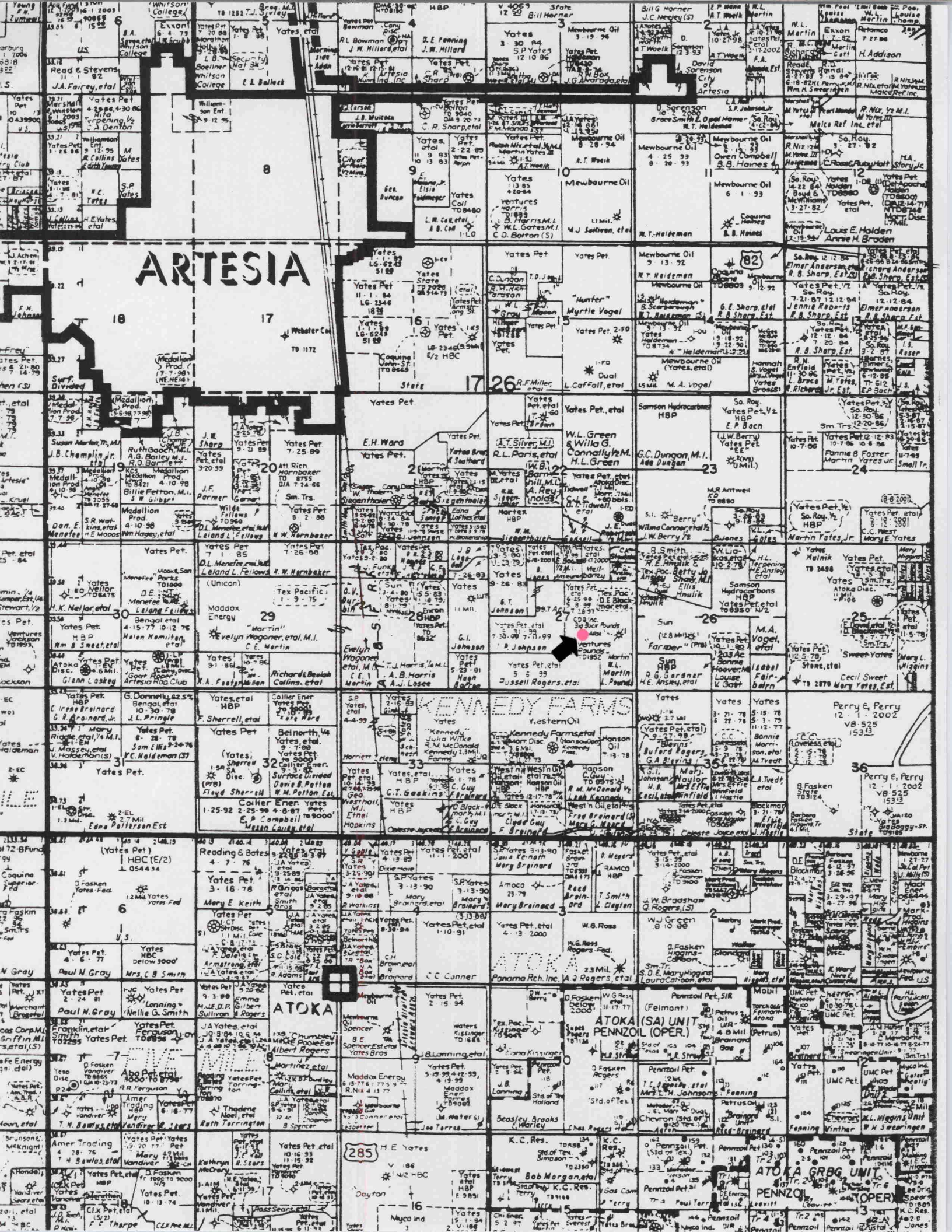
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Production curves are not available for all zones. The Kennedy Farms Morrow produced only a few months.



YATES PETROLEUM CORPORATION
APPLICATION FOR ADMINISTRATIVE APPROVAL
DOWNHOLE COMMINGLING
MARTIN ARH #1
EDDY COUNTY, NEW MEXICO

Nortex, Inc.
P. O. Box 2267
Midland, TX 79702

Sun Oil Company
P. O. Box 2880
Dallas, TX 75221

Western Oil Producers, Inc.
P. O. Box 1498
Roswell, NM 88202-1498

Hanson Operating Company
400 N. Pennsylvania
Roswell, NM 88201

Enron Oil & Gas Company
P. O. Box 2267
Midland, TX 79702

MARTIN YATES, III
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DENNIS G. KINSEY
TREASURER

April 28, 1998

Nortex, Inc.
P. O. Box 2267
Midland, TX 79702

Ladies and Gentlemen,

Yates Petroleum Corporation has made an application for administrative approval for downhole commingling for the Martin ARH #1 located in Unit J of Section 27, Township 17 South, Range 26 East, Eddy County. Please find attached application. This will serve as notification to an offset operator.

Should you have any questions, or need additional information, please do not hesitate to contact me at (505) 748-4174.

Sincerely,

A handwritten signature in cursive script that reads 'Ray Stall'.

Ray Stall
Operations Engineer

RS/th

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TREASURER

April 28, 1998

Hanson Operating Company
400 N. Pennsylvania
Roswell, NM 88201

Ladies and Gentlemen,

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April 28, 1998

Sun Oil Company
P. O. Box 2880
Dallas, TX 75221

Ladies and Gentlemen,

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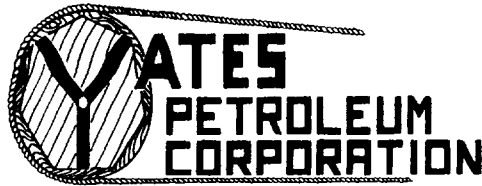
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TREASURER

April 28, 1998

Case 11991

Enron Oil and Gas Company
P. O. Box 2267
Midland, TX 79702

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TREASURER

April 28, 1998

Western Oil Producers, Inc.
P. O. Box 1498
Roswell, NM 88202-1498

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