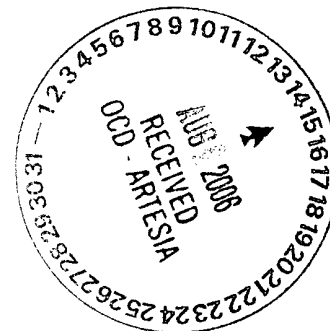


MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



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



August 14, 2006

Tim Gum
State of New Mexico
OIL CONSERVATION DIVISION
1301 W. Grand
Artesia, New Mexico 88210

Re: Allison CQ Federal #2

Dear Mr. Gum;

Yates Petroleum Corporation hereby seeks administrative approval to downhole commingle the production from the Wildcat Strawn Gas, Wildcat Atoka Gas and Boyd Morrow in our Allison CQ Federal #2 Unit L, of Section 12, Township 19 South, Range 24 East, in Eddy County, New Mexico.

If you have any questions or need additional information, please call me at (505) 748-4165.

Sincerely,

Debbie Chavez
Engineering Technician

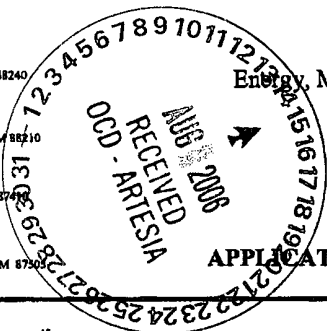
Enclosures

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

District II
300 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87498

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

Yates Petroleum Corporation

105 South Forth Street, Artesia, NM 88210

Operator Yates Petroleum Corporation Address 105 South Forth Street, Artesia, NM 88210

Lease Allison CQ Federal #2 Well No. Unit L - Section 12 - 19S-24E Eddy County

OGRID No. 025575 Property Code 010580 API No. 30-015-22935 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat Strawn Gas	Wildcat Atoka Gas	Boyd Morrow
Pool Code	96081	96049	72840
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8,300-8,304'	8,471-8,515'	8,732-8,877'
Method of Production (Flowing or Artificial Lift)	Flowing	Flowing	Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom performance in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	New Zone	New Zone	Shut-in
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: New Zone Rates:	Date: Rates:	Date: 5/31/06 Rates: 100 mcf
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Allocation % will be submitted when completed	Oil Gas Allocation % will be submitted when completed	Oil Gas Allocation % will be submitted when completed

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? 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.

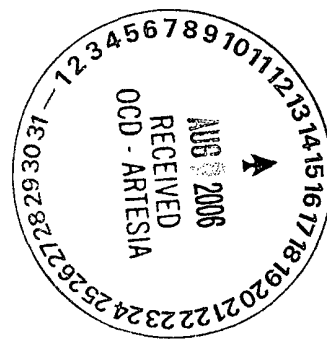
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Shannon Moss* TITLE Operations Engineer DATE 8-14-06

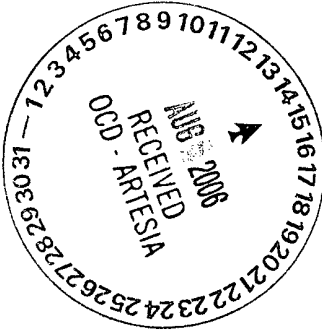
TYPE OR PRINT NAME Shannon Moss TELEPHONE NO. (505) 748-4209

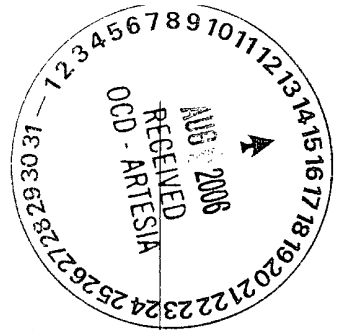
E-MAIL ADDRESS smoss@ypcnm.com

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



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

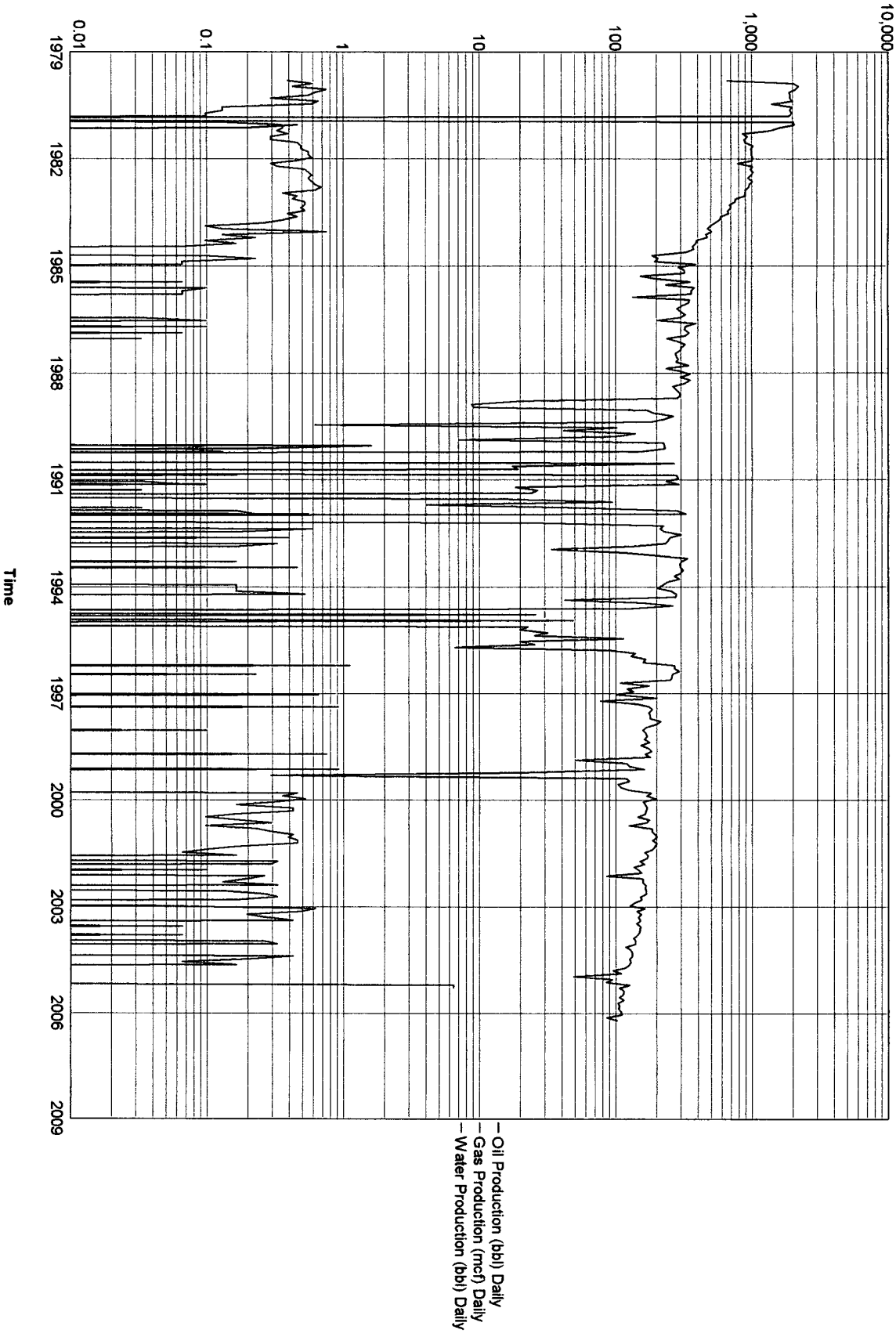




Production Rates

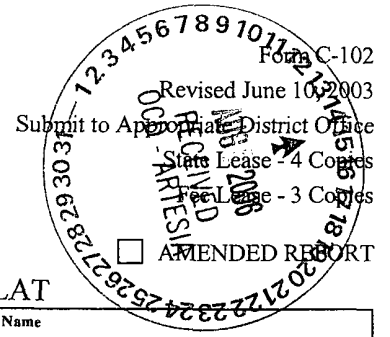
Lease Name: ALLISON CQ FEDERAL COM
County, State: EDDY, NM
Operator: YATES PETROLEUM CORPORATION
Field: BOYD
Reservoir: MORROW
Location: 12 19S 24E

ALLISON CQ FEDERAL COM 2 - Cumulative Prod. 102 bbl oil 3,242,631 mcf 1,770 bbl water Sec. 12 19S 24E



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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



WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-22935		² Pool Code 72840	³ Pool Name Boyd Morrow
⁴ Property Code 010580	⁵ Property Name Allison CQ Federal		⁶ Well Number #2
⁷ OGRID No. 025575	⁸ Operator Name Yates Petroleum Corporation		⁹ Elevation 3602'

¹⁰ Surface Location

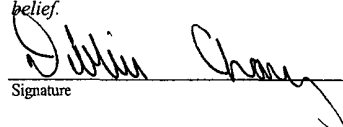
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	12	19S	24E		1980'	South	660'	West	Eddy

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

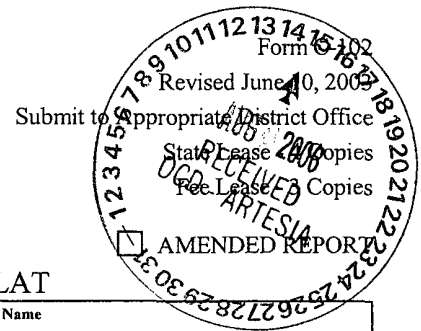
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature	
				Debbie Chavez Printed Name Engineering Technician Title and E-mail Address August 14, 2006 Date	
660'	1980'			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	

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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



WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-22935		² Pool Code 96049		³ Pool Name Wildcat Atoka Gas	
⁴ Property Code 010580		⁵ Property Name Allison CQ Federal			⁶ Well Number #2
⁷ OGRD No. 025575		⁸ Operator Name Yates Petroleum Corporation			⁹ Elevation 3602'

¹⁰ Surface Location

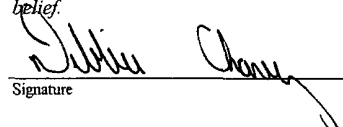
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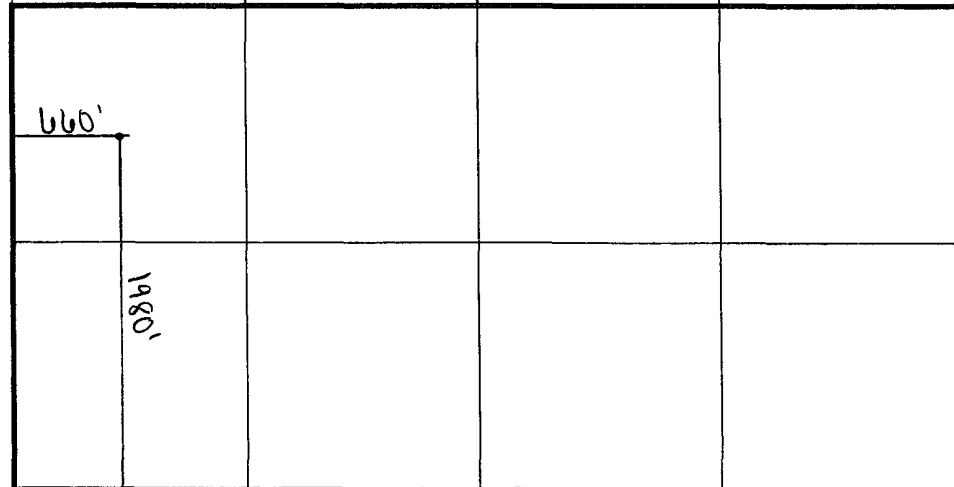
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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Per Lease - 2008 Copies
OCD - ARTESIA
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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				<p>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.</p> <p>Refer to Original Plat</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

