

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Monday, April 20, 2009 2:55 PM
To: 'Michelle Taylor'
Cc: Ezeanyim, Richard, EMNRD; Brooks, David K., EMNRD; Warnell, Terry G, EMNRD
Subject: RE: surface commingle question

Hello Ms. Taylor:

Please inform the SLO and BLM of this additional sales point.

I printed what you sent and have reviewed the previous orders.

Looks like you want in this case to add a high pressure sales point and the previous sales points are still there. If you wish to add any additional wells or pools, you would in fact have to re-notice everyone – let me know if that is the case. Otherwise, since you have allocation meters on every well and the previous sales points still exist, we will handle this without additional notice and application. I will copy this correspondence into the files used to approve the two PLC's – so it will be available for anyone.

As far as onerous future "notices" when adding future wells to a surface commingle, you can structure the "notice" in your initial commingle to take care of this: Please read Rule 12.10(C)(4) copied below and let the other folks at YPC know of this:

(4) Approval process.

(g) Additions. A surface commingling order may authorize, prospectively, the inclusion of additional pools or leases within defined parameters set forth in the order, provided that:

(i) the notice to the interest owners includes a statement that authorization for subsequent additions is being sought and of the parameters for the additions the applicant proposes, and

(ii) the division finds that subsequent additions within defined parameters will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners; a subsequent application to amend an order to add to the commingled production other leases, pools or leases and pools that are within the defined parameters requires notice only to the owners of interests in the production to be added, unless the division otherwise directs.

Thank You,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

From: Michelle Taylor [mailto:michelle@yatespetroleum.com]
Sent: Wednesday, April 15, 2009 8:29 AM
To: Jones, William V., EMNRD
Subject: RE: surface commingle question

Hi Will,

I've attached a simple diagram (Pipeline and connects are not exact) but it should give you a general idea. As per the field guys, we are going to still use the existing sales points, but due to pressure problems we have added some additional sales points. Please let me know if you need further information.

Thank you
Michelle Taylor
(575) 748-4205

-----Original Message-----

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Friday, April 10, 2009 11:31 AM

To: Michelle Taylor
Subject: RE: surface commingle question

You can hand draw it from data they tell you,

Happy Easter,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

From: Michelle Taylor [mailto:michelle@yatespetroleum.com]
Sent: Friday, April 10, 2009 11:30 AM
To: Jones, William V., EMNRD
Subject: RE: surface commingle question

Yes- that is what we are planning. I will get with the production guys and get one to you hopefully by 1st of next week.

Thank you
Michelle

-----Original Message-----

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Friday, April 10, 2009 11:21 AM
To: Michelle Taylor
Subject: RE: surface commingle question

Michele:

Sounds like you are getting rid of two CDPs and routing the lines to a new CDP?
Maybe you could draw a quick diagram, nothing fancy, and send it by email or mail?

Will

From: Michelle Taylor [mailto:michelle@yatespetroleum.com]
Sent: Friday, April 10, 2009 9:49 AM
To: Jones, William V., EMNRD
Subject: FW: surface commingle question

Hi Will,

If we have a couple of approved PLC applications and are looking at combining those to form 1 CDP, would we need to go thru the entire process again with notifications to owners etc.?

The plan is to set another sales meter and loop the lines to include all wells under Administrative Order PLC-309-A and PLC-310-A to be sold at this point. All wells still have allocation meters for each plus additional EFM check meters along the way.

Please advise on what process we would need to follow, or if any would be needed.

Your help is greatly appreciated.
Michelle Taylor
Yates Petroleum Corporation



105 South 4th Street * Artesia, NM 88210
(575)-748-1471
April, 2009

PLC 310-A PLC 309-A

Combine for High and Low Pressure Sales

