

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

March 25, 1996

Oil Conservation Division
P.O. Box 6429
Santa Fe, NM 87505-6429
ATTN: Mr. Ben Stone

Re: Surface Commingling, Lease Commingling,
Off-Lease Storage and Measurement.
Dagger Draw Upper Penn, South Pool
Eddy Courty, New Mexico

Dear Mr. Stone,

Yates Petroleum Corporation respectfully requests administrative approval for surface commingling, lease commingling, off-lease storage and measurement for the following wells:

Mojave AJY Com #2
660' FSL & 1980' FEL
Unit O, SWSE
Section 35-T20 1/2S-R23E
Eddy County, New Mexico
Fee Lease

Mojave AJY Com #3
660' FSL & 1980' FWL
Unit N, SESW
Section 35-T20 1/2S-R23E
Eddy County, New Mexico
Fee Lease

Diamond AKI Federal #1
360' FSL & 2080' FWL
Unit N, SESW
Section 34-T20S-R24E
Eddy County, New Mexico

The production from this well is transported prior to measurement to a common tank battery, located at the Mojave AJY Com #2 (Unit O, Sec. 35-T20 1/2S-R23E).

The purpose of the surface 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 build separate facilities for each well. This will greatly increase costs and shorten the economic life of the wells.

Because working interests for the wells are different, oil from each of the wells will be measured by positive displacement temperature compensated metering equipment prior to surface commingling. Gas from the wells will also be metered separately. This metering will ensure that all production from each of the wells is equitably accounted for with no significant effect on your revenue. The production is from the same producing zone which is the Canyon.

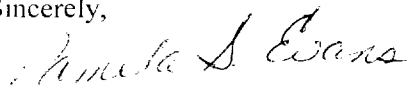
In accordance with the Oil Conservation Division Rules 303-B, 309-B and 309-C, the following diagrams and maps are attached for your information:

Attachment II	A map showing the location of the wells.
Attachment III	A diagram of the proposed measurement equipment, separators and storage tanks in accordance with the "Manual of Installation and Operation of Commingling Facilities".
Attachment IV	Notification of working interest, royalty interest and overriding royalty interest owners.
Attachment V	Notification to the Bureau of Land Management.

If you should have any questions or need further information, please give me a call at (505) 748-4178 (direct line).

Thank you for your cooperation.

Sincerely,

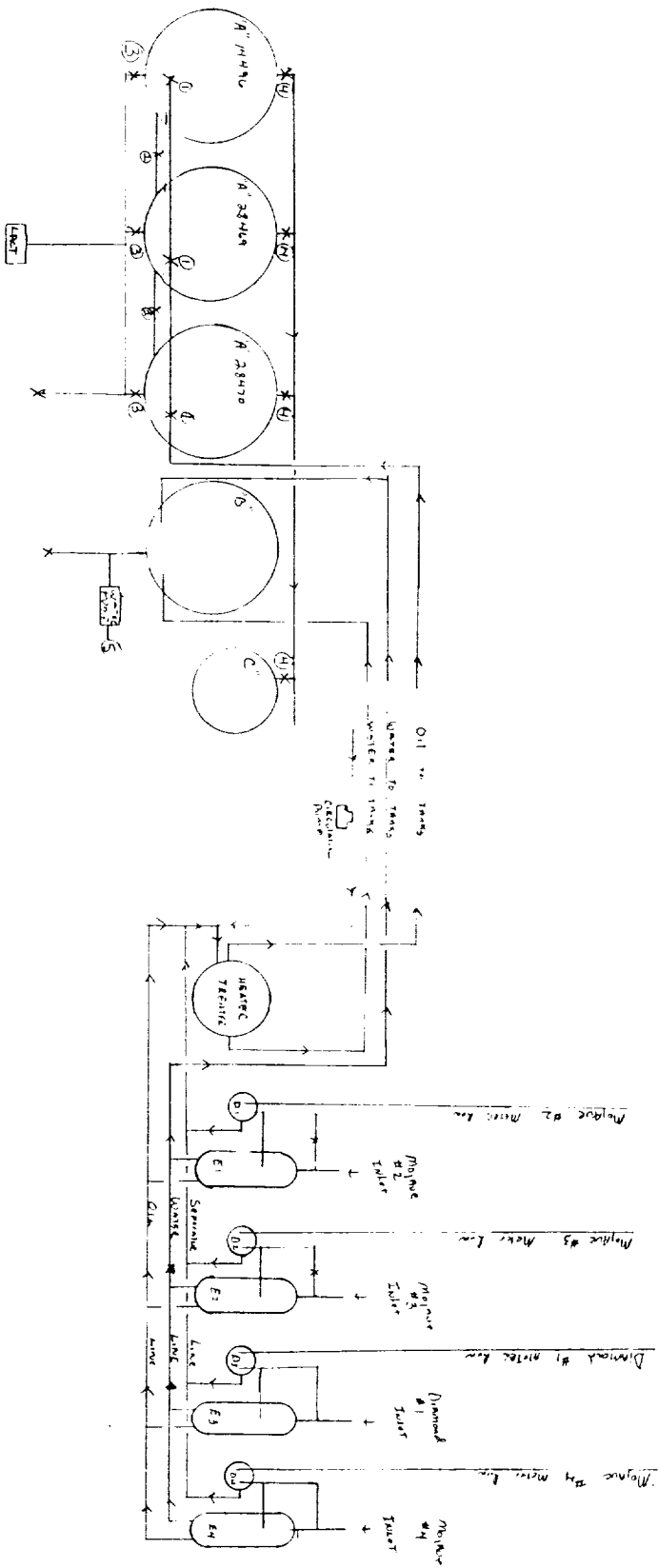


Pamela S. Evans
Production Clerk

PE
Attachments

CASE #

Eddy County N.M.



- ① OIL Fill Lines sealed closed during sales
- ② OIL Equalizer Lines sealed closed during sales
- ③ OIL SALES Lines closed Except during sales
- ④ Emergency drains sealed closed
- ⑤ WATER TO Dyeon Draw Disposal System

A) 500 BBL OIL Storage

B) 500 BBL WATER Storage

C) 210 BBL B.S&W Storage

D1 Mojave ASY #2 Separator

D2 Mojave ASY #3 " "

D3 Diamond AKI #1 " "

E1 Mojave ASY #2 WATER Knockout

E2 Mojave ASY #3 " "

E3 Diamond AKI #1 " "

ATTACHMENT IV

Working Interest Owners, Royalty Interest Owners, Overriding Royalty Interest

Charlene S. Byers
579 S. Poplar Way
Denver, CO 80224

R.E. Chmbers Jr.
2413 Clayton
Wichita Falls, TX 76308

Lollie Dee King Chambers
2413 Clayton
Wichita Falls, TX 76308

Conoco Inc.
P.O. Box 951063
Dallas, TX 75395-1063

Preston B. Hanks
16009 Dorman Dr.
Austin, TX 78717-0834

Roger C. Hanks Jr.
6308 B Taggart
Houston, TX 77007-2052

Alice Ann Hanks Freeman
P.O. Box 4143
Wichita Falls, TX 76308

Graham Hanks Hamilton Young
3004 Oak Bend
Round Rock, TX 78681

Robert G. Hooper
P.O. Box 733
Roswell, NM 88202-0733

Jerry L. Hooper
P.O. Box 2126
Roswell, NM 88202-2126

Holman Inc.
P.O. Box 122
Dundee, MI 48131

S.P. & Barbara Jo Johnson III
P.O. Box 1641
Roswell, NM 88202-1641

Mobil Producing TX & NM, Inc.
c/o Mobile Oil Corporation
P.O. Box 890328
Dallas, TX 75389-0328

PJC Limited Partnership
P.O. Box 1713
Roswell, NM 88202-1713

Dora W. Payne
2709 Eastover
Odessa, TX 79762

W.T. & Jeanette J. Probandt
415 W. Wall, Suite 2206
Midland, TX 79701

George D. & Edith P. Riggs
P.O. Box 230430
Anchorage, AK 99523-0430

Wills Royalty, Inc.
P.O. Box 1568
Carlsbad, NM 88220

Z 149 003 134



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Charlene S. Myers</i>	
Street and No. <i>579 S. Poplar Way</i>	
City, State and ZIP Code <i>Denver CO 80224</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off house + Commingle</i> <i>Diamond AKE #1</i> <i>Mojave 2+3 mailed 3-22-96</i>	

PS Form 3800, March 1993

2 149 003 135



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sender <i>R. E. Chambers</i>	
Street and No. <i>3413 Clayton</i>	
P.O., State and Zip Code <i>Wichita Falls, TX 76308</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Off-base mail.</i> <i>Diamond AKI #1</i> <i>Mcfarlane 2+3</i> <i>mailed 9-22-96</i>	

PS Form 3800, March 1993

Z 149 003 136



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Lollie Deering Charkes</i>	
Street and No. <i>2413 Dayton</i>	
P.O., State and ZIP Code <i>Wichita Falls, TX 76308</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-lance man</i> <i>Diamond AFI #1</i> <i>Mojave ATY 2+3</i> <i>mailed 3-22-96</i>	

PS Form 3800, March 1993

Z 149 003 137



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Amexco, Inc.</i>	
Street and No. <i>120. Box 951063</i>	
City, State, and ZIP Code <i>Dallas, TX 75395-1063</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-lease</i> <i>Diamond AKI #1</i> <i>Mojave AT4 2+3</i> <i>mailed 3-22-96</i>	

PS Form 3800, March 1993

2 149 003 138



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent To <i>Master B. Hanks</i>	
Street and No. <i>16009 Dorman Dr.</i>	
P.O., State and ZIP Code <i>Austin, TX 78717-0834</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-lense</i> <i>Diamond LAKE</i> <i>Mojoive ATY#2+2</i> <i>mailed 3-22-96</i>	

PS Form 3800, March 1993

Z 149 003 139



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent <i>Roger C. Hanks</i>	
Sight and No <i>6308 B Laggart</i>	
P.O., State and ZIP Code <i>Houston TX 77007-2052</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off base</i> <i>Diamond AKI #1</i> <i>Mojave ATY #2+3</i>	

PS Form 3800, March 1993

Z 149 003 140



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Alice Hanks Freeman</i>	
Street and No. <i>P.O. Box 4143</i>	
P.O. Box, State and ZIP Code <i>Wichita Falls TX 76208</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-base</i> <i>Diamond AKE #1</i> <i>Mojave ASY #2+3</i>	

PS Form 3800, March 1993

Z 149 003 141



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>William Herbert Hemminger</i>	
Street and No. <i>3004 Oak Bend</i>	
City, State and Zip Code <i>Brand Rock, TX 78681</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off. lease</i> <i>Diamond AFI #1</i> <i>Moguer AFI #2+3</i> <i>Mailed 5-22-96</i>	

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Z 149 003 142



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Robert L. Hooper</i>	
Street and No. <i>P.O. Box 733</i>	
P.O., State and ZIP Code <i>Roswell, NM 86202-0733</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off base</i> <i>Diamond LAKE #1</i> <i>Mojave AJ4 #2+3</i> <i>mailed 3-22-96</i>	

PS Form 3800, March 1993

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**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Gerry R. Hooper</i>	
Street and No. <i>P.O. Box 2126</i>	
City, State and ZIP Code <i>Rowell, NC 28202-2126</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-lease</i> <i>Diamond AKE #1</i> <i>Mojave ATY #2+3</i> <i>mailed 3-22-96</i>	

PS Form 3800, March 1993

Z 147 003 144



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Holman, Inc.</i>	
Street and No. <i>P.O. Box 122</i>	
City, State and ZIP Code <i>Dundee, MI 48131</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off house</i> <i>Diamond AKE #1</i> <i>Mojave AJ4 #2+3</i> <i>mailed 3-22-96</i>	

PS Form 3800, March 1993

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**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>S.P. + Barbara Jo Wilson III</i>	
Street and No. <i>P.O. Box 1641</i>	
P.O., State and ZIP Code <i>Roosevelt, NM 88202-1641</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-base Diamond AKT #1 Mojave A-54 #2+3 mailed 3-22-96</i>	

PS Form 3800, March 1993

Z 149 003 146



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Mobil Oil Corporation</i>	
Street and No. <i>P.O. Box 890328</i>	
P.O., State and ZIP Code <i>Dallas TX 75389-0328</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off base</i> <i>Diamond AKE #1</i> <i>Mojave ASY #2+3</i>	

PS Form 3800, March 1993

Z 149 003 147



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>PSC Limited Partnership</i>	
Street and No. <i>P.O. Box 1713</i>	
P.O., State and ZIP Code <i>Roswell NM 88202-1713</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off. base</i> <i>Diamond AKI #1</i> <i>Mojave AT4 #2+3</i> <i>mileal 3-22-96</i>	

PS Form 3800, March 1993

Z 149 003 148



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Wara W. Payne</i>	
Street and No. <i>2709 Eastover</i>	
P.O., State and ZIP Code <i>Odessa TX 79762</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off - lease</i> <i>Diamond AKE #1</i> <i>Mojave AXY #2+3</i>	

PS Form 3800, March 1993

Z 149 003 149



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
Mr + Janette J. Hobart	
Street and No.	
415 W. Wall, Suite 2206	
P.O., State and ZIP Code	
Midland TX 79701	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	
off-lease Diamond AKI # 1 3-22-96 Mojave AS4 # 243	

PS Form 3800, March 1993

Z 149 003 150



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to <i>Donald & Ethel P. Riggs</i>	
Street Apt No <i>P.O. Box 230430</i>	
P.O., State and ZIP Code <i>Anchorage AK 99523-0430</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>off-lase</i> <i>Diamond AKI #1</i> <i>Mojave AJY #2+3</i> <i>mailed 3-22-94</i>	

PS Form 3800, March 1993

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**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent in	
Wells Realty, Inc	
Street and No.	
P.O. Box 1568	
City, State and ZIP Code	
Charlottesville NM 88220	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	
Off. Place Diamond APT #1 Mojave APT #213 mailed 3-22-96	

PS Form 3800, March 1993

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil ☐ Gas ☐
☒ Well ☐ Well ☐ Other

2. Name of Operator

YATES PETROLEUM CORPORATION

3. Address and Telephone No.

105 S. 4th Street, Artesia, NM 88210 (505) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description

Section 35-T20 1/2S-23E Unit O 660' FSL & 1980 FEL SWSE

5. Lease Designation and Serial No.

Fee Lease

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Mojave AJY Com #2

9. API Well No.

3001528531

10. Field and Pool, or Exploratory Area

Dagger Draw Upper Penn, South

11. County or Parish, State

Eddy, N.M.

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☒ Subsequent Report

☐ Final Abandonment Notice

☐ Abandonment

☐ Recompletion

☐ Plugging Back

☐ Casing Repair

☐ Altering Casing

☒ Other Surface Commingling & Storage

☐ Change of Plans

☐ New Construction

☐ Non-Routine Fracturing

☐ Water Shut-Off

☐ Conversion to Injection

☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Yates Petroleum Corporation respectfully request approval for surface commingling and off lease storage and measurement.

Please see attached application.

14. I hereby certify that the foregoing is true and correct

Signed

Pamela S. Eane

Title

Production Clerk

Date

03/25/96

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
P.O. Box 1778
Carlsbad, NM 88221-1778

Yates Petroleum Corporation (Operator's Name) is requesting approval for surface commingling and off lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No. NM-045276; Lease Name: Diamond AKI Federal.

<u>Well</u> <u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>N</u>	<u>34</u>	<u>20S</u>	<u>24E</u>	<u>Dagger Draw Upper Penn. South</u>

with hydrocarbon production from the following formation(s) and well(s) on a fee lease; Mojave AJY Com

<u>Well</u> <u>No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>Mojave AJY #2</u>					<u>Dagger Draw Upper Penn. South</u>
<u>Mojave AJY #3</u>					<u>Dagger Draw Upper Penn. South</u>

Production from the well involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
<u>Diamond AKI Fed. #1</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Mojave AJY #2</u>	<u>137</u>	<u>42.2</u>	<u>1211</u>
<u>Mojave AJY #3</u>	<u>1065</u>	<u>42.2</u>	<u>2178</u>

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the location of all the wells that will contribute production to the proposed commingling/common storage facility.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at SWSE-1/4, Sec. 35, T20 1/2S, R23E, on Fee lease Mojave AJY #2, Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method of allocating production to contributing sources is as follows:

Continued.

Continued:

Oil will be transported prior to measurement and will be measured by positive displacement, temperature compensated metering equipment. Gas will also be measured separately.

The working interest owners have been notified of the proposal.

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

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

We understand that the request approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Signature: Pamela S. Evans
Name: PAMELA S. EVANS
Title: Production Clerk
Date: 3-25-96