

12/1/03

DRC PLC LR

DLR0333649207

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
200-

RECEIVED

District II
1301 W. Grand Ave., Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St Francis Dr. Santa Fe, NM 87505

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

OIL CONSERVATION DIVISION

DRC

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: YATES PETROLEUM CORPORATION

OPERATOR ADDRESS: 105 S 4TH ST ARTESIA NM 88210

APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. N/A
Has the Comm. of Public Lands (BLM) and State Land office (SLO) consented in writing to the proposed commingling Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Value of Non-Commingled Production	Calculated Value of Commingled Production	Volumes
<u>RED TANK/BONES PRING</u>					
<u>51683</u>					
<u>RED TANK/DELAWARE W.</u>					
<u>516859</u>					
<u>DIAMOND RAIL/BONES PRING 11644</u>					

- (2) Are any wells producing at top allowables? Yes No
- (3) Are all working, royalty and overriding royalty interests common between pools? Yes No
- (4) Include proof of notice to all interests if the answer to No. 3 is "No".
- (5) Measurement type: Metering Well Test Subtraction Method
- (6) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved.

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code.
- (2) Is all production from same source of supply? Yes No
- (3) Are all working, royalty and overriding royalty interests common between leases? Yes No
- (4) Include proof of notice to all interests if the answer to No. 3 is "No".
- (5) Measurement type: Metering Well Test Subtraction Method (only when No. 3 is "Yes")

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
- (2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
- (2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
- (3) Lease Names, Lease and Well Numbers, and API Numbers.
- (4) If production is to be measured by well test, include testing frequency.

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

SIGNATURE: Mayte Reyes TITLE: Production Clerk DATE: 11-24-2003

TYPE OR PRINT NAME MAYTE REYES TELEPHONE NO. (505) 748-4213

CPB-441

Yates Petroleum Corporation is requesting approval for the addition of the Thyme APY Federal #11 to the surface commingling and off lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No. NMNM81274; Lease Name Thyme APY Fedeval.

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation.</u>	<u>API No</u>
1	B	1	23S	32E	Red Tank/Bone Spring	30-025-33370
2	G	1	23S	32E	Red Tank/Bone Spring	30-025-33529
3	C	1	23S	32E	Red Tank/Delaware W	30-025-33530
11	L	1	23S	32E	Red Tank/Delaware W Diamondtail/Bone Spring	30-025-36192

with hydrocarbon production from the following formation(s) and well(s) on a State lease: No. V-4297 Lease Name Coriander AOC

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation.</u>	<u>API No</u>
1	B	1	23S	32E	Red Tank/Bone Spring Red Tank/Delaware W.	30-025-33531

The battery is located at the Thyme APY Federal #1. Please see attached plat and site facility diagram.

The working interest owners Have been notified of the proposal.

Application to all BLM, OCD, & Commissioner of Public Lands have been made.

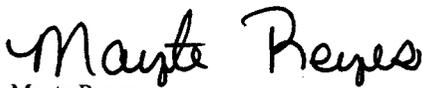
The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. Estimated daily production for the Thyme APY Federal #11 is 19 bls of oil, and 50 mcf.

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

The proposed commingling is necessary for economic 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 it we have not already done so.

Sincerely,



Mayte Reyes
Production Clerk

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

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APN Number		Pool Code		Pool Name RED TANK BONE SPRING	
Property Code		Property Name THYME "APY" FEDERAL			Well Number 11
OGRID No. 025575		Operator Name YATES PETROLEUM CORPORATION			Survey No. 3749

10 Surface Location

Well or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
1	1	23S	32E		1650	SOUTH	990	WEST	LEA

11 Bottom Hole Location If Different From Surface

Well or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 40	13 Joint or Infill	Consolidation Code	14 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

<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Clifton R. May</i> Signature Clifton R. May Printed Name Regulatory Agent Title 10-10-96 Date</p>			
	<p>18 SURVEYOR CERTIFICATION</p> <p>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>10/04/96 Date of Survey Signature and Seal of Professional Surveyor: Certificate Number 3640</p>			



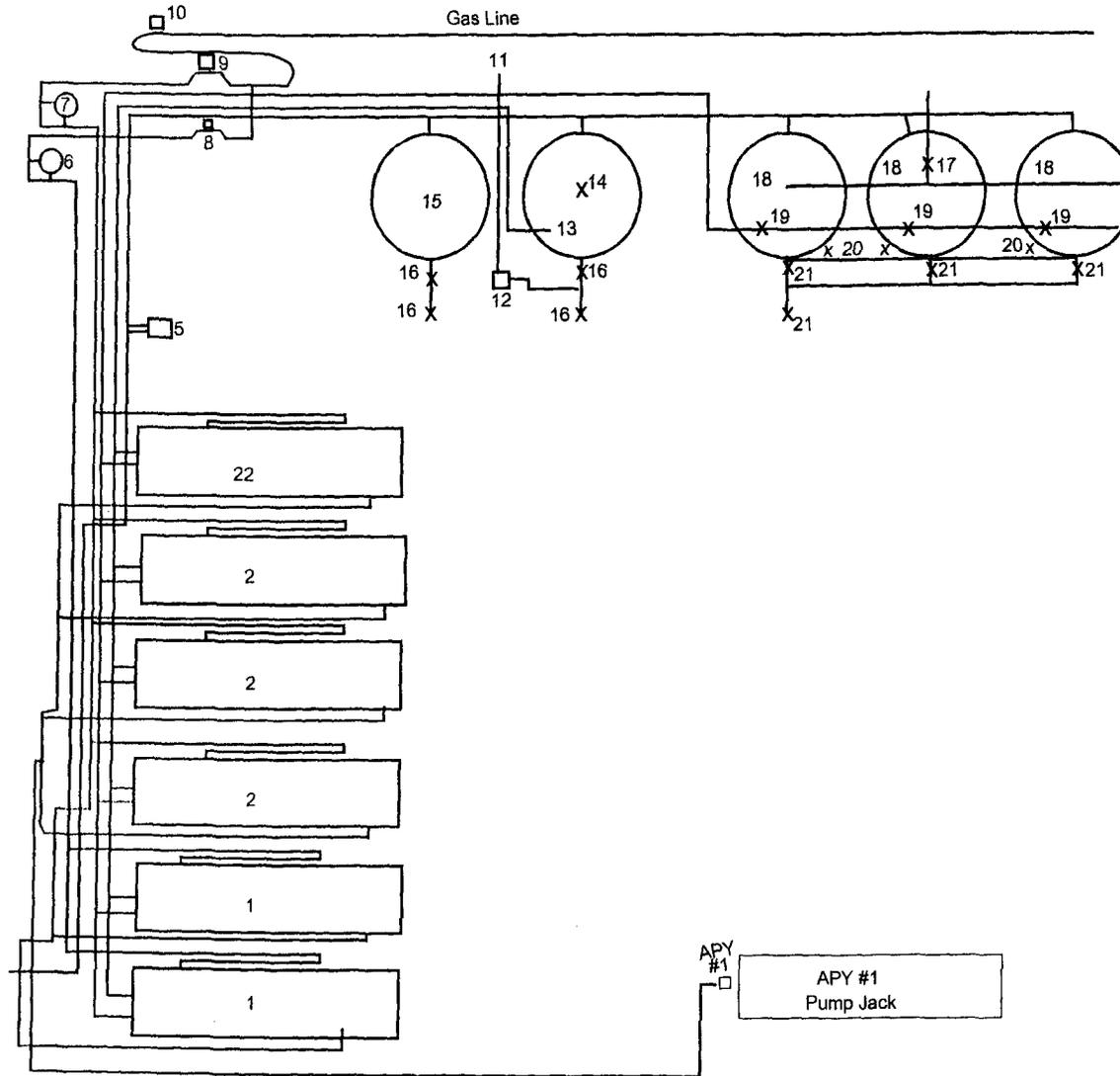
105 South 4th Street * Artesia, NM 88210
 (505) 748-1471

Gene Poteet - Foreman
November 19, 2003
 Sight Security Diagram

Thyme APY & Coriander AOC Tank Battery

30-025-36192

1650' FSL & 990' FWL * Sec.1-T23S-R32E * Unit L
 Lea County, NM



- 1 - Coriander AOC - Heater Treaters
- 2 - Thyme APY - Heater Treaters
- 3 - Coriander AOC Header
- 4 - Thyme APY Header
- 5 - Transfer pump
- 6 - Coriander Gas Separator
- 7 - Thyme Gas Separator
- 8 - Coriander CDP Sales Meter
- 9 - Thyme CDP Sales Meter
- 10 - Gas CDP For Lease
- 11 - Water Line
- 12 - Water Transfer Pump
- 13 - 500 Bbl. Fiberglass Water Tank
- 14 - Pressure Relief Valve
- 15 - 210 Bbl. Fiberglass Slop Tank
- 16 - Water Drain Valves
- 17 - Pressure Relief Valve
- 18 - 500 Bbl Steel Stock Tanks
- 19 - Dump-Line Valves - Sealed Closed During Sales
- 20 - Equalizer Line Valves - Sealed Closed During Sales
- 21 - Load Line Valves - Sealed Closed Except During Sales
- 22 - Thyme #11 Knock Out

This diagram is subject to the Yates Petroleum Corporation August 1983 Security Plan
 which is on file at 105 South 4th Street, Artesia, NM

STATUS

=====
 CO - Company Pay Code
 CP - Company Purchased Production
 CT - Company Tax Partnership Interest
 GC - City Government Interest
 GI - Federal Government Interest
 GS - State Government Interest

STATUS CONTINUED

=====
 NP - Paid Direct
 PA - Pay
 SA - Unknown Address
 SD - Suspense - Waiting on Division Order
 SJ - Suspense - Delinquent JIB
 ST - Suspense - Title Requirement

LEASE: Thyme "APY" Federal #1, #2 & #3
 Lot 2 (NW/4NE/4), Lot 3 (NE/4NW/4) and SW/4NE/4 Sec. 1,
 T23S-R32E, NMPM
 Containing 119.60 acres, more or less
 Lea County, New Mexico

AVERAGE BBL OF OIL PER I

OWNER NUMBER	OWNER NAME	INTER CO. #	GROSS WI	BASIC INTEREST	0 BBL	1 BBL
611540	MINERALS MANAGEMENT SERVICE			0.1250000	0.0050000	0.0130000
999900	YATES PETROLEUM CORPORATION		0.0400000	0.0350000	0.0398000	0.0394800
994100	YATES DRILLING COMPANY		0.3200000	0.2800000	0.3184000	0.3158400
005000	ABO PETROLUEM CORPORATION		0.3200000	0.2800000	0.3184000	0.3158400
640010	MYCO INDUSTRIES, INC.		0.3200000	0.2800000	0.3184000	0.3158400
			1.0000000	1.0000000	1.0000000	1.0000000

* Royalty on Gas Production is paid on Basic Interest.

NOTE: ROYALTY RATE WILL NEVER BE GREATER than initial qualifying rate for life of the Royalty Rate Reduction P (OIL ONLY).

The Federal Royalty Rate Reduction Program is subject to termination upon six (6) months notice from BLM under the following conditions:

1. Oil price reaches \$28.00 per Bbl for six (6) consecutive months, or
2. Secretary of the Interior's evaluation of the Royalty Rate Reduction Program as of September 10, 1997.

Note: The Thyme "APY" Fed. #11 is drilled on the same lease as well #1, #2 and #3; therefore, ownership on well #11 is the same as above.

Tammy R. Hughes 9/4/03
 Tammy R. Hughes Date
 Land Dept. - Yates Petroleum Corporation

Adv1-3
 9/4/03

YATES PETROLEUM CORPORATION
 Division of Interest
 Federal Royalty Rate Reduction Program
 Effective: July 1, 2000

INITIAL QUALIFYING PERIOD: 7/1/99 thru 6/30/00

DAY IS:

2 BBL	3 BBL	4 BBL	5 BBL	6 BBL	7 BBL	8 BBL	9 BBL
0.0210000	0.0290000	0.0370000	0.0450000	0.0530000	0.0610000	0.0690000	0.0770000
0.0391600	0.0388400	0.0385200	0.0382000	0.0378800	0.0375600	0.0372400	0.0369200
0.3132800	0.3107200	0.3081600	0.3056000	0.3030400	0.3004800	0.2979200	0.2953600
0.3132800	0.3107200	0.3081600	0.3056000	0.3030400	0.3004800	0.2979200	0.2953600
0.3132800	0.3107200	0.3081600	0.3056000	0.3030400	0.3004800	0.2979200	0.2953600
1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000	1.0000000

Program

Apy1-3
9/4/03

Lease: 054690
 Well: 001; 002;
 003

File No. 401-1835-B
 jern

10 BBL	11 BBL	12 BBL	13 BBL	14 BBL	TYPE	STATUS
0.0850000	0.0930000	0.1010000	0.1090000	0.1170000	RI	GI
0.0366000	0.0362800	0.0359600	0.0356400	0.0353200	WI	CO
0.2928000	0.2902400	0.2876800	0.2851200	0.2825600	WI	PA
0.2928000	0.2902400	0.2876800	0.2851200	0.2825600	WI	PA
0.2928000	0.2902400	0.2876800	0.2851200	0.2825600	WI	PA
1.0000000	1.0000000	1.0000000	1.0000000	1.0000000		

Apy1-3
 9/4/03