

018-109 2-6-95

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

January 12, 1995

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

ATTENTION: David Catanach

RE: Surface Commingling, Lease Commingling,
Off-Lease Storage & Measurement
North Dagger Draw Upper Penn Pool
Eddy County, New Mexico

Dear David:

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

Tackitt AOT #1
1650' FSL & 990' FEL (NESE)
Section 28-T19S-R25E
Eddy County, New Mexico
Fee Lease

State K #3
1980' FSL & 1980' FWL (NESW)
Section 28-T19S-R25E
Eddy County, New Mexico
Lease No.: K-6096

The production from the Tackitt AOT #1 will be transported prior to measurement to a common tank battery located at the State K #3 location. A map labeled Attachment I is enclosed for your information.

The purpose of this off-lease storage and surface commingling 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.

Surface Commingling, Etc.

Page 2:

January 12, 1995

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

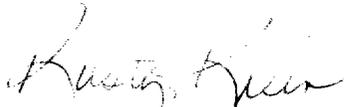
Attachment II A diagram of the proposed measurement equipment, separators and storage tanks in accordance with the "Manual for Installation and Operation of Commingling Facilities".

Attachment III Notification of interest owners

If you should have any questions or need further information, please give me a call at 505-748-4205.

Thank you for your cooperation.

Sincerely,

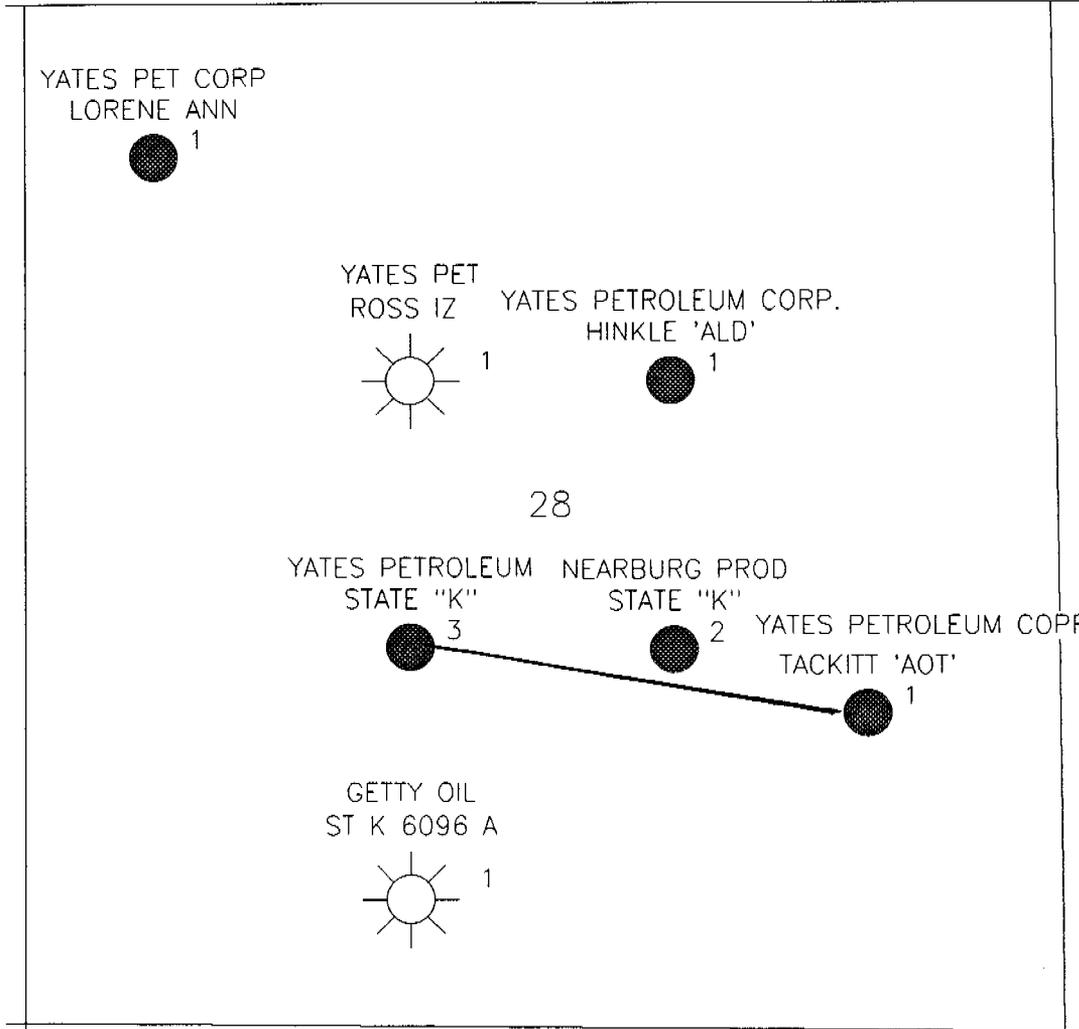


Rusty Klein
Production Clerk

rk

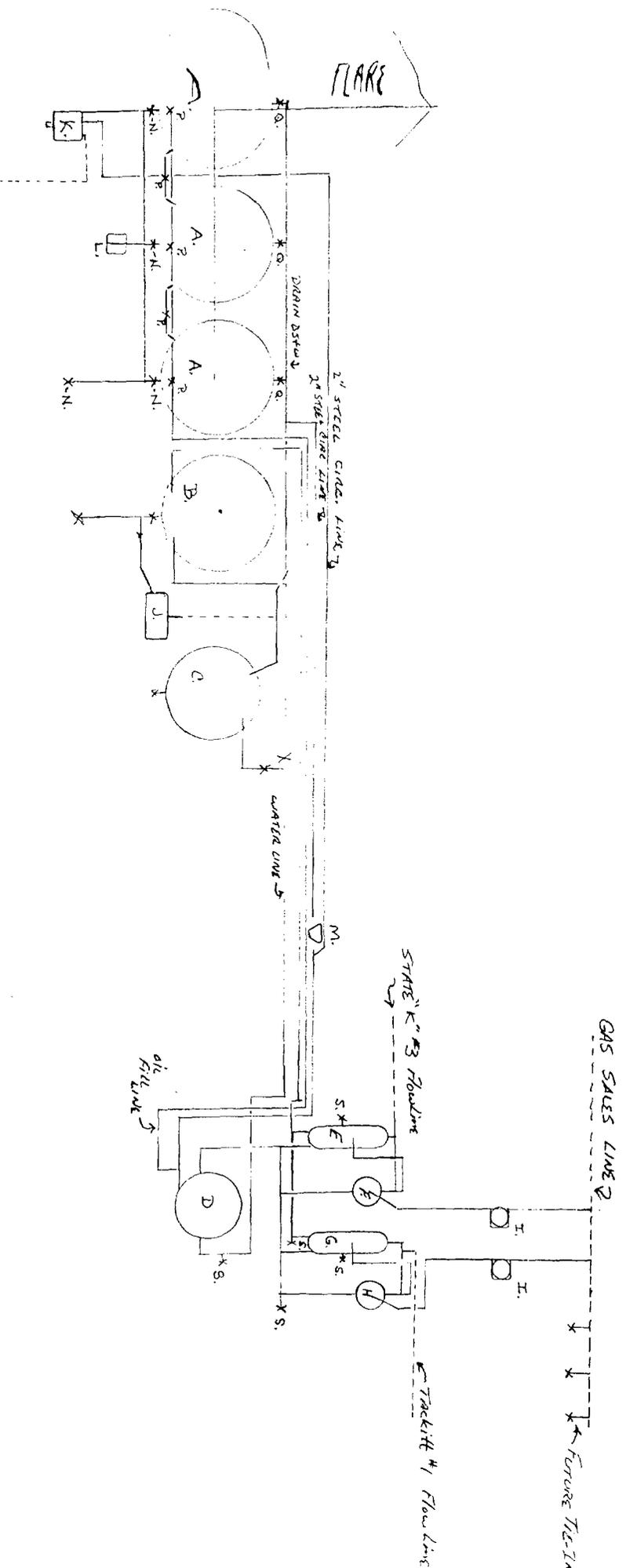
Enclosures

T19S-R25E



A. 500 BL. W/SE TAIL STOCK TANKS	K. LAOT UNIT (oil scales)
B. 500 BL. FIBER GLASS UTRE TANK	L. TANK LEVEL GAUGES
2. 210 BL. FIBER GLASS BSTU TANK	M. BSTU CIRCULATING PUMP
2. HEATER TOWER	N. 4" BALL VALVES (open for scales)
E. STATE K #3	P. 3" BALL VALVES (OPEN FOR FILL & TANK EMERGENCY)
F. STATE K #3	Q. 3" BALL VALVES (CLASSIFIED SACK D, OPEN ONLY FOR DRAIN BSTU)
2. TACKIT #1	S. 3" BALL VALVES (SEALED) (EMERGENCY ONLY)
1 TACKIT #1	
3 METERS FOR GAS SALES	
1 WARE PUMP (Producer etc)	

STATE K #3 & TACKIT #1
 1980 FSL & 1980 FUL
 SEC. 28-T/195-R25E
 Eddy Co. U/M
 #K-6096 - #30-D15-21147



GAS SALES LINE 2
 STATE K #3 Roadline
 TACKIT #1 Flow Line
 FUTURE TIE-IN

TACKITT AOT #1 & STATE K #3 INTEREST OWNERS:

Curtis W. Mewbourne
P. O. Box 7698
Tyler, TX 75711

Nearburg Exploration Company
419 W. Cain
Hobbs, NM 88240
ATTENTION: Scott Kimbrough

Vintage Petroleum, Inc.
4200 One Williams Center
Tulsa, OK 74172-0153
ATTENTION: Paula LaRue

P 864 671 563



Certified Mail Receipt

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

Sent to	
Curtis W. Newbome	
Street & No.	
P.O. Box 7698	
P.O., State & ZIP Code	
Tyler, TX 75711	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$
Postmark or Date	
January 12, 1995	
off-lease - Jacket #1	
AOT	

PS Form 3800, June 1990

P 864 871 562



Certified Mail Receipt

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

Sent to	
Newburg Exploration Co	
Street & No.	
419 W. Main	
P.O., State & ZIP Code	
Hobbs, NM 88240	
Postage	\$
Post Kimbrough	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$
Postmark or Date	
January 12, 1995	
W. lease - Jackett #10721	

PS Form 3800, June 1990

P 083 924 970



Receipt for Certified Mail

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

Sent to <i>Ontario Petroleum, Inc.</i>	
Street and No. <i>4200 One Williams Center</i>	
City, State and ZIP Code <i>Julesburg, CO 74172-0153</i>	
Postage <i>Paula Spaque</i>	\$
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>January 12, 1995</i> <i>W - lease - Jacket #1</i>	

PS Form 3800, June 1991

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



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ARTESIA, NEW MEXICO 88210
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TREASURER

February 13, 1995

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, NM 87504-1148

ATTENTION: Pete Martinez

RE: Application for Surface Commingling,
Lease Commingling, Off-Lease Storage
& Measurement
North Dagger Draw Upper Penn Pool
Eddy County, New Mexico

Dear Pete:

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

Tackitt AOT #1	State K #3
1650' FSL & 990' FEL (NESE)	1980' FSL & 1980' FWL (NESW)
Section 28-T19S-R25E	Section 28-T19S-R25E
Eddy County, New Mexico	Eddy County, New Mexico
Fee Lease	Lease No.: K-6096

The production from the Tackitt AOT #1 will be transported prior to measurement to a common tank battery located at the State K #3 location. A map labeled Attachment I is enclosed for your information.

The purpose of this off-lease storage and surface commingling 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.

Surface Commingling, Etc.:
Page 2:
February 13, 1995

The following diagrams and maps are enclosed for your information:

Attachment I	A map showing the location of the wells
Attachment II	A lease map showing Section 28-T19S-R25E
Attachment III	A diagram of the proposed measurement equipment, separators and storage tanks (Site Security Diagram)

If you should need anything further, please give me a call at 505-748-4205.

Thank you for your cooperation.

Sincerely,



Rusty Klein
Production Clerk

rk

Enclosures

CODE	INVOICE NUMBER	INVOICE DATE	INVOICE AMOUNT	DISCOUNT	NET AMOUNT PAYABLE
	COMMINGLING APP FEE	02/95	30.00	.00	30.00
				P.L.R. CHECK	30.00

CODES
 1 - YOUR INVOICE
 2 - YOUR CREDIT MEMO

THE ATTACHED CHECK IS IN FULL SETTLEMENT OF INVOICES LISTED ABOVE.
 PLEASE DETACH THIS VOUCHER BEFORE DEPOSITING CHECK. NO RECEIPT NECESSARY.

NCNB TEXAS
 32-2
 1110



53703

(505) 748-1471
 105 SOUTH 4TH STREET
 ARTESIA, NEW MEXICO - 88210

DATE 2/14/95 VENDOR NO. 192000

*****10DOLLARS**00CENTS

PAY TO THE ORDER OF:
 COMMISSIONER OF PUBLIC LANDS
 P. O. BOX 1143
 SANTA FE NM 87504 1143

AMOUNT
 *****30.00

[Handwritten signature]

⑈053703⑈ ⑆111000025⑆ ⑈1390000125⑈

YATES PET. CORP.
LORLEN 'AIB'

19S-25E

YATES PET.
ROSS 'Z' YATES PETROLEUM CORP.
HINKLE 'ALD'

YATES PETROLEUM ²⁸ NEARBURG PROD
STATE "K" STATE "K"

YATES PETROLEUM CORP.
TACKITT 'AOT'

GETTY OIL
ST K 8096 A

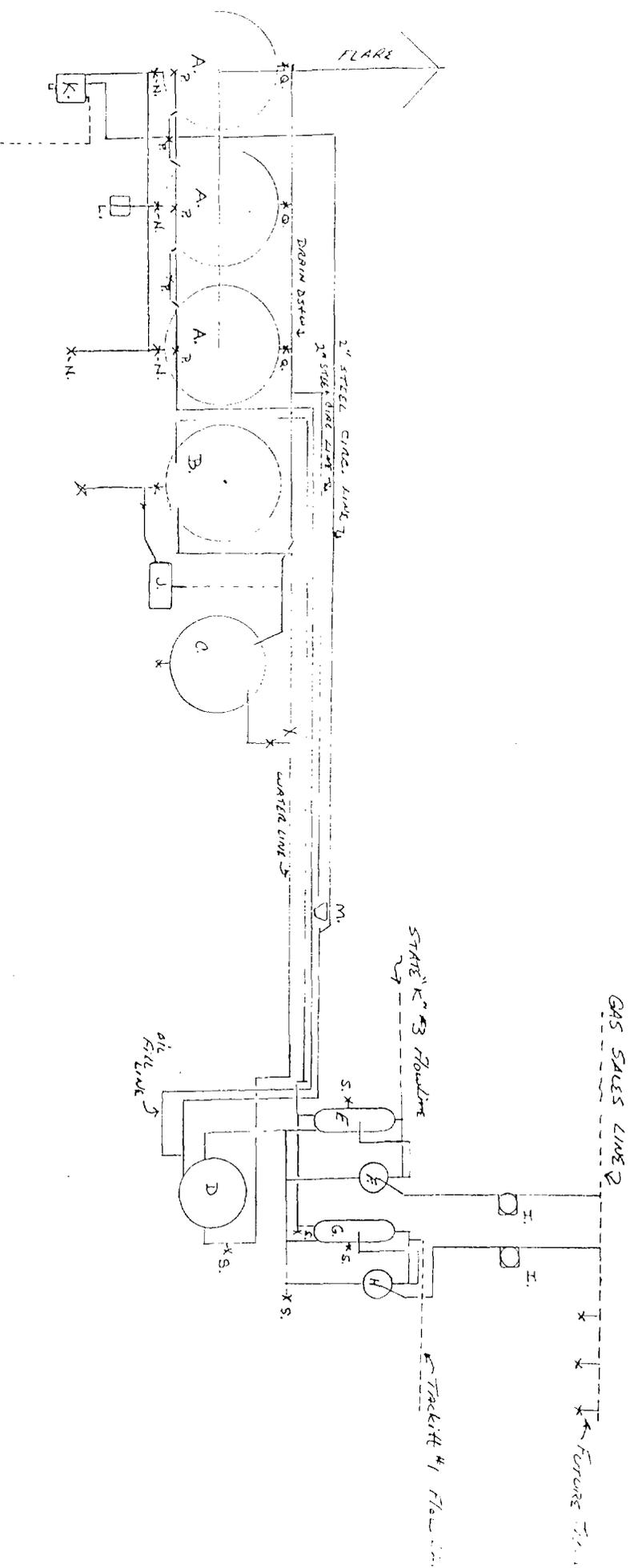
ATTACHMENT I

YATES PETROLEUM CORPORATION		
NEW MEXICO 28-19S-25E		
JOHN FLEMING	SCALE 1:1	2-13-95

<p>Yates HBP IF T Metcalf</p>	<p>Amoco 690 S P Yates etal</p>	<p>Yates Pet 8-23-78 7-30-78 5-13-78 H.E. Yates HBP 345 ALP Hinkle Marshall E. Winston MWJ(S)E 1/2 M.I.</p>
<p>Lorene A NW Yates "Ross" Malco Ref. etal Carl Ross</p>	<p>1-12 (P/B)</p>	<p>28 Nearburg State Yates Tack Catherine William Helen Melton</p>
<p>Yates Pet Texaco K-60966 State</p>	<p>3 P 2-3 1-A</p>	

500 Bk. METAL STOCK TANKS	K. LACT UNIT (oil scales)
500 Bk. FIBERGLASS UTR TANK	L. Tank Level Gauges
210 Bk. FIBERGLASS BS10 Tank	M. BS10 Circulating Pump
HEATER TREATER	N. 4" Ball Valves (open for scales)
STATE K #3 3-PHASE HORIZONTAL SEPARATOR	P. 3" Ball Valves (OPEN for FILL / TANK CAULDRONIZING)
STATE K #3 GAS SEPARATOR	Q. 3" Ball Valves (Closed Soak, open for Drain BS10)
TACKIT #1 3-PHASE HORIZONTAL SEPARATOR	S. 3" Ball Valves (Soak) (Emergency Only)
TACKIT #1 Gas Separator	
METERS FOR GAS Scales	
WATER Pump (Produce water)	

STATE K #3 & TACKIT #1
1980 FSL & 1980 FUL
SEC. 28-T/195-R25R
STDP Co. UM
#K-6096 - #30-015-21111



COMMINGLE PRE-APPLICATION

STATE LAND OFFICE RULES 1.053-1.055 APPLY TO COMMINGLING OIL AND GAS PRODUCTION FROM NEW MEXICO STATE LANDS. PLEASE PROVIDE THE FOLLOWING INFORMATION SO THAT WE CAN DETERMINE WHETHER OR NOT A COMMINGLE APPLICATION PACKAGE SHOULD BE SUBMITTED.

1. BRIEFLY DESCRIBE WHAT YOU PROPOSE TO DO.

Transport oil from one lease to another prior to measurement. Oil will be measured by positive displacement, temperature compensated metering equipment prior to surface commingling. Gas will also be metered separately. PLEASE SEE ATTACHED LETTER FOR MORE INFORMATION.

2. FILL IN THE FOLLOWING INFORMATION FOR EACH WELL.

WELL NUMBER	LEGAL DESCRIPTION	LESSEE OF RECORD	N.M. LEASE NUMBER	FORMATION
State K #3	Sec. 28-T19S-R25E	YPC	K-6096	Canyon
Tackitt AOT #1	Sec. 28-T19S-R25E	YPC	Fee	Canyon

NAME: Rusty Klein
COMPANY: Yates Petroleum Corporation
PHONE NUMBER: 505-748-4205

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE OIL, GAS AND MINERALS DIVISION AT (505) 827-5744.

STATE LAND OFFICE RULE 1.055

COMMINGLING AND OFF LEASE STORAGE OF OIL AND GAS
ON STATE TRUST LANDS

1.055 Application for Permission to Commingle or Off Lease Store Production. Applications for permission to commingle or off lease store production shall be directed to the Commissioner and shall include:

- _____ A. Formal application stating the type of permission desired and the reason therefor, accompanied by an application fee of thirty dollars (\$30.00).
- _____ B. Plat showing the location of leases, wells, flow lines and common tankage. All plats and diagrams should differentiate between surface and underground pipe.
- _____ C. A list of the involved leases arranged by their State Land Office Lease Number, their legal description, and including state beneficiaries.
- _____ D. A designation of the pool from which each well produces.
- _____ E. An economic analysis of proposed operation showing profit or loss to the State of New Mexico.
- _____ F. Schematic diagram of entire system from production manifold to pipeline connection showing position of all components of flow stream.
- _____ G. Detail drawing(s) of any component which is specifically fabricated; i.e., not commercially available.
- _____ H. Description of the operating sequence explaining the complete operation.
- _____ I. Any other pertinent data that will assist the Commissioner in deciding upon the application.

* We have NOT received this information as of _____
(New Mexico State Land Office - Oil and Gas Division.)



19-111

RAY POWELL, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

March 9, 1995

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attn: Ms. Rusty Klein

Re: Application for Surface Commingling
Lease Commingling, Off-Lease Storage & Measurement
North Dagger Draw Upper Penn Pool
Eddy County, New Mexico

Dear Ms. Klein:

This office is in receipt of your application requesting our approval for surface commingling, lease commingling, off-lease storage and measurement for the following wells:

Tackitt AOT #1-I
1650' FSL & 990' FEL
Sec. 28-19S-25E
Eddy County, New Mexico
Fee Lease

State K #3-K
1980' FSL & 1980' FWL
Sec. 28-19S-25E
Eddy County, New Mexico
State Lease No. K-6096-5

It is our understanding that both wells produce from the Canyon zone and that both the oil and gas will be measured separately prior to surface commingling.

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Since the Tackitt AOT Well No. 1 is located on fee lands, a right-of-way easement may be required for a portion of the NE/4SE/4 of Sec. 28-19S-25E. Please contact Ms. Debra A. Padilla of our right-of-way section for further information regarding this easement. Enclosed are copies of a right-of-way application form.

Yates Petroleum Corp.

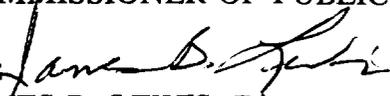
March 9, 1995

Page 2

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMES B. LEWIS, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JBL/pm

cc: Reader File
K-6096-5
OCD-Attn: David Catanach and Ben Stone