

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



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

CTB 2-7-96

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 19, 1996

Oil Conservation Division
P. O. Box 6429
Santa Fe, NM 87505-6429

ATTENTION: Mr. Ben Stone

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

Dear Ben:

Yates Petroleum Corporation respectfully requests administrative approval to amend Commingling Order CTB-409 (a copy of which is enclosed) to add the Tackitt AOT #2 and the Tackitt AOT #3 to the commingling order. All of the wells that will be covered by the commingling order are located in the S/2 of Section 28-T19S-R25E. Please see Attachment I for a complete description of the wells.

The production from these wells is transported prior to measurement to a common tank battery located at the State K #3 location (Unit K of Section 28-T19S-R25E).

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.

Surface Commingling, Etc.:

Page 2:

January 19, 1996

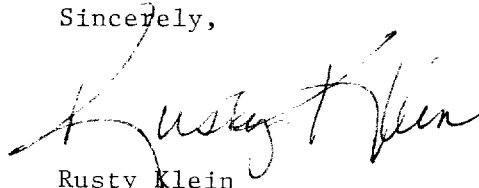
In accordance with the Oil Conservation Division's Rules 303-B, 309-B and 309-C, the following diagrams and maps are attached for your information.

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 for Installation and Operation of Commingling Facilities"
Attachment IV	Notification of working interest, royalty interest and overriding royalty interest owners
Attachment V	Notification to the Commissioner of Public Lands

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

Thank you for your cooperation.

Sincerely,



Rusty Klein
Production Clerk

rk

Attachments

WELL DESCRIPTIONS

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

Tackitt AOT #3
660' FSL & 1980' FEL
Unit O, SWSE
Section 28-T19S-R25E
Eddy County, New Mexico
Fee Lease

Tackitt AOT #2
1980' FSL & 1980' FEL
Unit J, NWSE
Section 28-T19S-R25E
Eddy County, New Mexico
Fee Lease

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

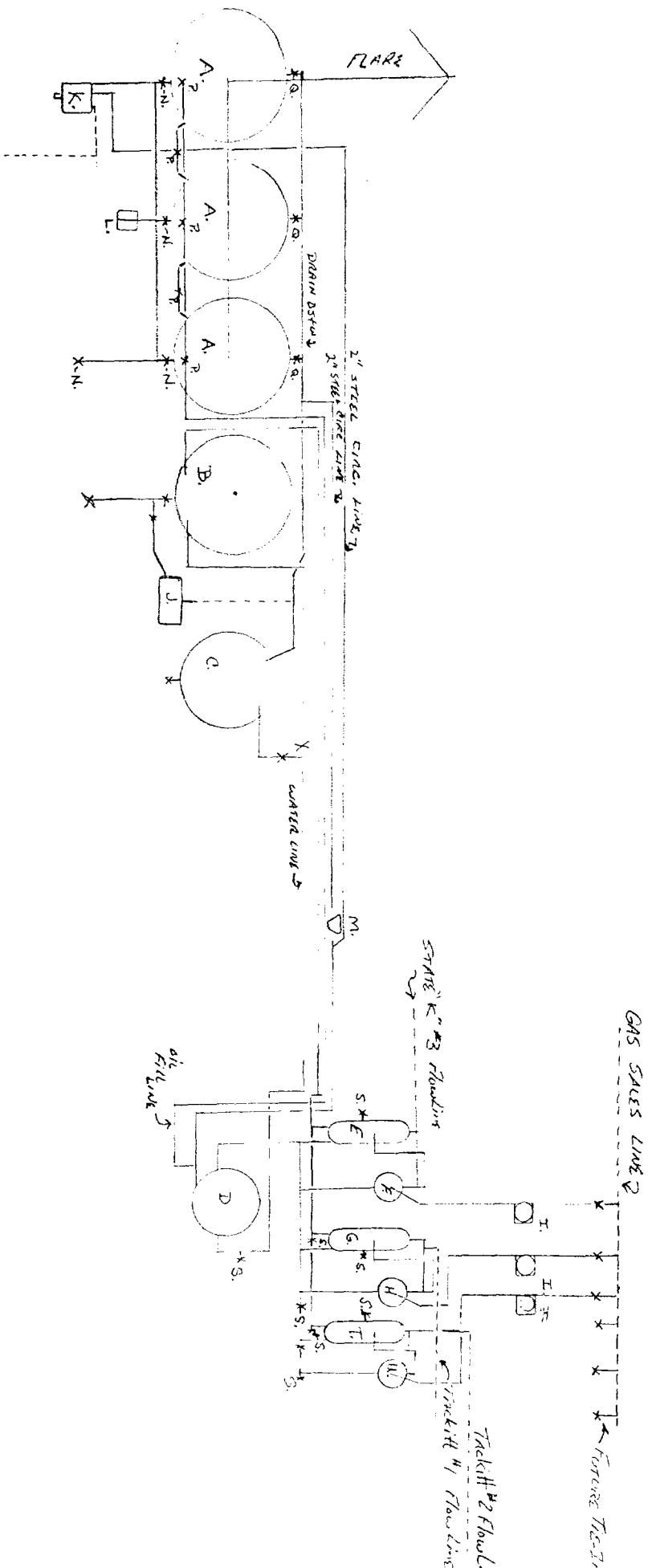
Insert

Color Page/Photo

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200 BL. METH. STOCK TANKS	K. LAST UNIT (oil sales)
500 BL. FIBERGLASS WTR TANK	L. Tank Level Gauges
210 BL. FIBERGLASS BSTD Tank	M. BSTD Circulating Pump
HEATER THERMATE	N. 4" Ball Valves (open for sales)
STATE K #3 3-PHASE HORIZONTAL SEPARATOR	P. 3" Ball Valves (OPEN for FILL) (Closed for Sealed, open for Drain BSTD)
STATE K #3 GAS SEPARATOR	Q. 3" Ball Valves (only for Drain BSTD) (Emergency Only)
TACKITT #1 3-PHASE HORIZONTAL SEPARATOR	S. 3" Ball Valves (Sealed) (Emergency Only)
TACKITT #1 Gas Separator	T. TACKITT #2 3-Phase HORIZONTAL SEPARATOR
METERS FOR GAS Sales	U. TACKITT #2 Gas-Separator
WATER Pump (Produce water)	

STATE K #3 & TACKITT #1
1980 FSL & 1980 FUL
SEC. 28-T195-R25E
STONY Co. 41M
#K-6096 - #30-015-2114



STATE K #3 BATTERY

Wells included in battery: Tackitt AOT #1, Tackitt AOT #2, Tackitt AOT #3
and State K #3

Working Interest, Royalty Interest and Overriding Royalty Interest Owners

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

Elizabeth Ann Kirkpatrick
1341 Kaghan Loop Road
Bellevue, NM 87002

Helen B. Melton
Trustee of the Helen B. Melton
Revocable Trust
112 S. Mesquite
Carlsbad, NM 88220

Barbara J. Runyan
Trustee of the Barbara J. Runyan
Revocable Trust
P. O. Box 1474
Hope, NM 88250

Karen Tackitt
403 North 2nd
Carlsbad, NM 88220

Catherine P. Lewis
Sole & Separate Property
P. O. Box 1547
Artesia, NM 88211-1547

John F. Williams
P. O. Box 641
Artesia, NM 88211-0641

John Williams
Life Estate Remainderman
P. O. Box 641
Artesia, NM 88211-0641

Rosemary Williams
5105 Arbor Glen
The Colony, TX 75056

Charles E. Nearburg
P. O. Box 841585
Dallas, TX 75284-1585

Brent Watson Oil & Gas Investments
P. O. Box 50308
Midland, TX 79710-0308

Nearburg Producing Company
419 W. Cain
Hobbs, NM 88241
Mr. Scott Kimbrough

Feagan Energy, Inc.
P. O. Box 50307
Midland, TX 79710-0307

Fred S. Reynolds
500 Throckmorton
Suite 2403
Fort Worth, TX 76102

Fred N. Reynolds
500 Throckmorton
Suite 2403
Fort Worth, TX 76102

Jerry Elger
P. O. Box 2623
Midland, TX 79701-2623

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

Langdale Corporation
P. O. Box 92319
Tulsa, OK 74172-0153

Ruthea, Inc.
590 Cricketfield Court
Thousand Oaks, CA 91361

RRS Oil, Inc.
401 W. Texas - Suite 1003
Midland, TX 79701

James Christopher Statton
401 W. Texas - Suite 1003
Midland, TX 79701

TXW Oil, Inc.
401 W. Texas - Suite 1003
Midland, TX 79701

Stephen Rhett Gist
401 W. Texas - Suite 1003
Midland, TX 79701

Leonard Charles Sammons
401 W. Texas - Suite 1003
Midland, TX 79701

Ben D. Taylor
401 W. Texas - Suite 1003
Midland, TX 79701

Z 149 003 309



**Receipt for
Certified Mail**

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

Sent to <i>Commissioner of Public Lands</i>	
Street and No. <i>P.O. Box 1148</i>	
P.O. State and ZIP Code <i>Santa Fe, Nm 87504-1148</i>	
Name <i>Mr. Pete Martinez</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>Jan. 23, 1996</i> <i>off-lease - Sackett #2</i>	

PS Form 3800, March 1993

Z 149 003 283



**Receipt for
Certified Mail**

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

Sent to: <i>Curtis W Newbome</i>	
Sent to: <i>P.O. Box 7698</i>	
P.O., State and Zip Code: <i>Tyler, TX 75711</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Mailing to Whom & Date Delivered	
Return Receipt Showing to Whom Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Jan. 22, 1996</i> <i>off-lease - Jackett A07 #2</i>	

PS Form 3800, March 1993

Z 149 003 284



**Receipt for
Certified Mail**

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

To	
Elizabeth Ann Kirkpatrick	
Street or P.O. Box	
1341 Kachan Pop Road	
City, State and ZIP Code	
Belen, NM 87002	
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	
Jan. 22, 1996	
off-lease - Duckett APT #2	

PS Form 3800, March 1993

Z 149 003 245



**Receipt for
Certified Mail**

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

Helen B. Melton Trustee of Helen B. Melton Rev. Trust	
Street and No. 112 S. Mesquite	
City, State and ZIP Code Carlsbad, 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 Jan. 22, 1996 off. lease - Jackett ACT#2	

PS Form 3800, March 1993

Z 149 003 286



**Receipt for
Certified Mail**

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

<i>Barbara J. Kunguon</i> <i>Trustee of Barbara J. Kunguon Rev. Trust</i>	
Street and No. <i>P.O. Box 1474</i>	
City, State and ZIP Code <i>Hope, NM 88250</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>Jan. 22, 1996</i> <i>off - lease - Duckett AOT #2</i>	

PS Form 3800, March 1993

Z 149 003 287



**Receipt for
Certified Mail**

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

Sent to <i>Karen Sackett</i>	
Street and P.O. <i>403 N. 2nd</i>	
City, State and ZIP Code <i>Carlsbad, Nm 88220</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Registered 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>Jan. 22, 1996</i> <i>Off-lease-Sackett AOT#2</i>	

PS Form 3800, March 1993

2 149 003 288



**Receipt for
Certified Mail**

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

Catherine P. Lewis Sale & Separate Property	
Street and No. P.O. Box 1547	
City, State and ZIP Code Artesia, Nm 88211-1547	
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 Jun. 22, 1996 Off - Lease - Jackett AOT #2	

PS Form 3800, March 1993

Z 149 003 289



**Receipt for
Certified Mail**

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

Sent to	
John F. Williams	
Street and No.	
P.O. Box 641	
City, State and ZIP Code	
Artesia, NM 88211-0641	
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	
Jan. 22, 1996	
Off-lease - Jacket #2	

PS Form 3800, March 1993

Z 149 003 290



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail

(See Reverse)

John P. Williams	
Life Estate Remainderman	
P.O. Box 641	
P.O., State and Zip Code Artesia, NM 88211-0641	
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 Jan. 22, 1996	
Off-lease - Sackett Act #2	

PS Form 3800, March 1993

2 149 003 291



**Receipt for
Certified Mail**

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

Sent to <i>Rosemary Williams</i>	
Street and No. <i>5105 Arbor Glen</i>	
City, State and ZIP Code <i>The Colony, TX 75056</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>Jan. 22, 1996</i> <i>off - base - Ticket #107 #2.</i>	

PS Form 3800, March 1993

Z 149 003 292



**Receipt for
Certified Mail**

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

To: <i>Mr. Charles E. Nearburg</i>	
Street and No. <i>P.O. Box 841585</i>	
City, State and ZIP Code <i>Dallas, TX 75284-1585</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>Jan. 22, 1996</i> <i>Off-lease - Jacket #1 NOT #2</i>	

PS Form 3800, March 1993

Z 149 003 293



**Receipt for
Certified Mail**

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

To: <i>Brent Wilson Old Cars Investments</i>	
P.O. Box <i>50308</i>	
City, State, and ZIP Code <i>Midland, TX 79710-0308</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Registered 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>Jan. 22, 1996</i> <i>off lease - Jackett AOT #2</i>	

PS Form 3800, March 1993

Z 149 003 294



**Receipt for
Certified Mail**

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

To: <i>Hearst Production Company</i>	
Street: <i>419 W. Cam</i>	
City, State and ZIP Code: <i>60605, NM 88240</i>	
Name: <i>Scott Rimbough</i>	
Certified fee	
Special Delivery fee	
Restricted Delivery fee	
Return Receipt Mailing to Whom & Date Delivered	
Return Receipt Mailing to Whom, Date, and Addressee's Address	
POSTAGE & Fees	\$
Postmark of date: <i>Jan. 28, 1996</i>	
<i>Off-lease Jacket #1 AOT #2</i>	

PS Form 3800, March 1993

Z 149 003 295



**Receipt for
Certified Mail**

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

Sent to <i>Deagan Energy, Inc.</i>	
Street and No. <i>P.O. Box 50307</i>	
P.O. State and ZIP Code <i>Midland, TX 79710-0307</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>Jan 22. 1996</i> <i>off - Leuda - Jackett ADT #2</i>	

PS Form 3800, March 1993

Z 149 003 296



**Receipt for
Certified Mail**

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

Sent to <i>Fred S. Reynolds</i>	
Street and No. <i>500 Shackleton - Suite 2103</i>	
City, State and ZIP Code <i>Fort Worth, TX 76102</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>Jan - 22, 1996</i> <i>Off - lease - Jackett NOT #2</i>	

PS Form 3800, March 1993

Z 149 003 297



**Receipt for
Certified Mail**

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

Sent to <i>Fred N. Reynolds</i>	
Street and No. <i>500 Chackmorton - Suite 2403</i>	
City, State and ZIP Code <i>Gastonia, TX 76102</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>Jan. 22, 1996</i> <i>off-lease - Sackett AOT #2</i>	

PS Form 3800, March 1993

Z 149 0013 294



**Receipt for
Certified Mail**

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

Sent to	
Mr. Jerry Elger	
Street and City	
P.O. Box 2623	
P.O., State, and ZIP Code	
Midland, TX 79701-2623	
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	
January 26, 1996	
Off lease - Jacket # AOT # 2	

PS Form 3800, March 1993

Z 149 003 299



**Receipt for
Certified Mail**

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

Post to: <i>Vintage Petroleum, Inc.</i> <i>4200 One Williams Center</i>	
City, State and ZIP Code: <i>Tulsa, OK 74172-0153</i>	
Postage: <i>Paula Kubie</i>	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Mailing to Addressee & Date Designated	
Return Receipt Mailing to Return Date and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date: <i>Jan. 22, 1996</i> <i>Off lease Jacket #2</i>	

PS Form 3800, March 1993

2 149 003 300



**Receipt for
Certified Mail**

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

Sender's Name <i>Fingdale Corporation</i>	
Street and No. <i>P.O. Box 92319</i>	
City, State and ZIP Code <i>Long Beach, CA 90809-2319</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>Jun - 22, 1989 1996</i> <i>off lease Juckett NOT #2</i>	

PS Form 3800, March 1993

Z 149 003 301



**Receipt for
Certified Mail**

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

Sent to <i>Bushnell, Inc.</i>	
Street and No. <i>590 Cricketfield Court</i>	
City, State and ZIP Code <i>Thousand Oaks, CA 91361</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>Jan - 22, 1996</i> <i>Off-lease - Sackett AOT #2</i>	

PS Form 3800, March 1993

Z 149 0013 302



**Receipt for
Certified Mail**

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

Name to <i>Stephen Brett Gost</i>	
Street and No. <i>401 W. Texas - Suite 1003</i>	
City, State, and ZIP Code <i>Midland, TX 79701</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>Jan. 22, 1996</i> <i>Off - Bruce Jackett ACT #2</i>	

PS Form 3800, March 1993

Z 149 003 303



**Receipt for
Certified Mail**

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

Sender's Name <i>RPS Oil, Inc.</i>	
Street and No. <i>401 W. Texas - Suite 1003</i>	
City, State and ZIP Code <i>Midland, TX 79701</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>Jan. 22, 1996</i> <i>Off lease - Jacket 1 AOT #2</i>	

PS Form 3800, March 1993

Z 149 003 304



**Receipt for
Certified Mail**

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

Sent to <i>Leonard Charles Simmons</i>	
Street and No. <i>401 W. Texas - Suite 1003</i>	
City, State, and ZIP Code <i>Midland, TX 79701</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>Jan. 22, 1996</i> <i>off lease - Sackell AOT #2</i>	

PS Form 3800, March 1993

Z 149 003 305



**Receipt for
Certified Mail**

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

Sent to <i>James Christopher Statton</i>	
City and No. <i>401 W. Texas - Suite 1003</i>	
State and ZIP Code <i>Midland, TX 79701</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>Jan. 20, 1996</i> <i>US lease - Jack Hill #2</i>	

PS Form 3800, March 1993

Z 149 003 306



**Receipt for
Certified Mail**

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

Sent to <i>Ben D. Taylor</i>	
Street and No. <i>401 W. Texas Suite 1003</i>	
City, State and ZIP Code <i>Midland, TX 79701</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>Jan. 22, 1996</i> <i>Off lease - Jacket #1 AOT #2</i>	

PS Form 3800, March 1993

2 149 003 307



**Receipt for
Certified Mail**

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

Sort to <i>TXW Oil, Inc</i>	
Street and No. <i>401 W Texas Suite 1103</i>	
P.O., State and ZIP Code <i>Midland, TX 79701</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>Jan. 22, 1996</i> <i>Off-lease Sackett ADT #2</i>	

PS Form 3800, March 1993

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 19, 1996

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

ATTENTION: Mr. Pete Martinez

RE: Application for Surface Commingling, Lease
Commingling, Off-Lease Storage and Measure-
ment
Dagger Draw Upper Penn, North 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 wells:

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

Tackitt AOT #2
1980' FSL & 1980' FEL
Unit J, NWSE
Section 28-T19S-R25E
Eddy County, New Mexico
Fee Lease

Tackitt AOT #3
660' FSL & 1980' FEL
Unit O, SWSE
Section 28-T19S-R25E
Eddy County, New Mexico
Fee Lease

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

The production from these wells will be transported prior to measurement to a common battery located at the State K #3 location. A map labeled Attachment I is attached for your information. NOTE: In March, 1995, I received approval from the Commissioner of Public Lands for surface commingling, etc. for the Tackitt AOT #1 and the State K #3.

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.

(Attachment V)

Surface Commingling, Etc.:

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January 19, 1996

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.

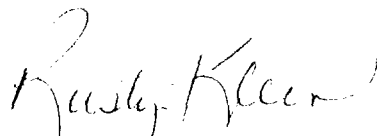
The following diagrams and maps are attached for your information.

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 (direct line).

Thank you for your cooperation.

Sincerely,



Rusty Klein
Production Clerk

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Attachments

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
K #3	28-T19S R25E	YPC	K-6096	Canyon
AOT #1	28-T19S-R25E	YPC	Fee	Canyon
AOT #2	28-T19S-R25E	YPC	Fee	Canyon
AOT #3	28-T19S-R25E	YPC	Fee	Canyon

NAME: Rusty Klein

COMPANY: Yates Petroleum Corporation

PHONE NUMBER: 505-748-4205 (direct line) or 505-748-1471 - ext. 205

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

KKCS 06-04-91

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.)